

# 56<sup>th</sup>

## ANNUAL REPORT

# 2021-22



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

# Board of Directors



**Shri. U SARAVANAN**  
Chairman & Managing Director



**Shri. K GURUMURTHY**  
GOI Nominee Director



**Shri. HARSH MALHOTRA**  
Director (Technical)



**Shri. MOHAMMAD BAGHER DAKHLI**  
NICO Nominee Director



**Shri. BABAK BAGHERPOUR**  
NICO Nominee Director



**Smt. SAMIEH KOKABI**  
NICO Nominee Director



**Shri. NALABOTHU VENKATARAO**  
Non-official Independent Director



**Dr. C R JAYANTHI**  
Non-official Independent Director



**Shri. SANJAY VISHNU SHETYE**  
Non-official Independent Director



## BOARD OF DIRECTORS (As on August 26, 2022)

### CHAIRMAN & MANAGING DIRECTOR

Shri U Saravanan

#### Directors

Shri U Saravanan  
Shri K Gurumurthy  
Shri Harsh Malhotra  
Shri Mohammad Bagher Dakhili  
Shri. Babak Bagherpour  
Smt. Samieh Kokabi  
Shri Nalabothu Venkata Rao  
Dr C R Jayanthi  
Shri Sanjay Vishnu Shetye

#### Audit Committee

Shri Nalabothu Venkata Rao  
Shri K Gurumurthy  
Dr C R Jayanthi  
Shri Sanjay Vishnu Shetye

#### Stakeholders Relationship Committee

Shri Mohammad Bagher Dakhili  
Shri K Gurumurthy  
Shri U Saravanan  
Shri Nalabothu Venkata Rao

#### Risk Management Committee

Shri Nalabothu Venkata Rao  
Shri Mohammad Bagher Dakhili  
Shri U Saravanan  
Shri Harsh Malhotra

#### Corporate Social Responsibility Committee

Dr C R Jayanthi  
Shri K Gurumurthy  
Shri U Saravanan  
Shri Sanjay Vishnu Shetye

#### Nomination and Remuneration Committee

Shri Sanjay Vishnu Shetye  
Shri K Gurumurthy  
Shri U Saravanan  
Mrs Samieh Kokabi  
Shri Nalabothu Venkata Rao  
Dr C R Jayanthi

#### EXECUTIVES

Shri U Saravanan  
Chairman & Managing Director

Shri Harsh Malhotra  
Director (Technical)

Ms. Aneeta C Meshram, IAS  
Chief Vigilance Officer - (Additional Charge)

Shri Priya Ranjan Panda  
GM – F & A (a/c) and GM – P & A (a/c)

Shri R Ram Ganesh  
Company Secretary



**CONTENTS**

AGM Notice	03
Directors' Report	18
Management Discussion and Analysis	30
Report on Corporate Governance	36
Business Responsibility & Sustainability Report	48
Comments of the Comptroller and Auditor General of India	94
Independent Auditor's Report	99
Balance Sheet	117
Statement of Profit & Loss	119
Statement of Cash Flow	121
Notes to the Financial Statements	135

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**Registered Office**

Manali,  
Chennai – 600 068  
Tamil Nadu, India

**Principal Bankers**

State Bank of India

**Auditors**

M/s. Anand & Ponnappan  
Chartered Accountants  
No.46-B, 4th Floor, Krishnan Complex  
South Boag Road, T Nagar  
Chennai 600 017



## MADRAS FERTILIZERS LIMITED

(A Government of India Undertaking)

CIN – L32201TN1966GOI005469

Regd. Office: Post Bag No.2, Manali, Chennai 600 068 Tel.044-25942281 / 25945489

Website : www.madrasfert.co.in email : cs@madrasfert.co.in

### NOTICE

NOTICE is hereby given that the 56th Annual General Meeting (AGM) of Madras Fertilizers Limited will be held on 21<sup>st</sup> September 2022, at 11.00 a.m. through Video Conference (“VC”) / Other Audio Visual Means (“OAVM”) to transact the following businesses:-

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2022 and the Statement of Profit & Loss (including other comprehensive income), Statement of Cash Flow, Statement of Changes in Equity, Notes comprising Significant Accounting Policies and other Explanatory information forming part of Financial Statements for the year ended on that date together with the Directors’ Report and the Auditors’ Report thereon.
2. To authorize the Board of Directors of the Company to fix the remuneration of the Statutory Auditors of the Company for the Financial Year 2022-23 in terms of the provisions of Section 139(5) read with Section 142 of the Companies Act, 2013 and to consider and, if thought fit, to pass the following Resolution, as an Ordinary Resolution:-

**“RESOLVED THAT** the Board of Directors the Company be and is hereby authorized to decide and fix the remuneration of the Statutory Auditors of the Company as appointed by the Comptroller & Auditor of India for the Financial Year 2022-23.”

#### SPECIAL BUSINESS

3. To elect Shri Gurumurthy Kyathari (DIN 08741900) as a Director on the Board of Directors of the Company:

The Company has received notice in terms of Section 160 (1) & 161 (1) of the Companies Act, 2013 proposing to elect Shri Gurumurthy Kyathari (DIN 08741900) as

a Director of the Company at this General Meeting. Members may 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 Sections 160(1) & 161 (1) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with Articles of Association of the Company, Shri Gurumurthy Kyathari (DIN 08741900), who was appointed as a Director in the Board of Madras Fertilizers Limited as per Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India notification F.No.95/1/2019-HR-PSU with effect from September 29, 2021, until further orders, be and is hereby elected as a Director of the Company and shall hold office upto the date of the next AGM”.

4. Appointment of Shri Nalabothu Venkata Rao (DIN 00310724) as Director of the Company

To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 161(1) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Shri Nalabothu Venkata Rao (DIN 00310724), who was appointed as Additional Director being designated as Non-official Independent Director in the Board of Madras Fertilizers Limited as recommended by the Appointment Committee of the Cabinet vide O.M.NO.20/29/2021-EO(ACC) dated 02.11.2021 and Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India vide its notification F.No.78/2/2006-HR-PSU (pt II) with effect



## MADRAS FERTILIZERS LIMITED

from the notification i.e. November 05, 2021 for a period of three years or until further orders, be and is hereby appointed as Director of the Company effective November 05, 2021 and not liable to retire by rotation”.

5. Appointment of Dr. C R Jayanthi (DIN 09450350) as Director of the Company

To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and 161(1) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 Dr. C R Jayanthi (DIN 09450350), who was appointed as Additional Director being designated as Non-official Independent Director in the Board of Madras Fertilizers Limited as recommended by the Cabinet vide O.M.NO.20/29/2021-EO(ACC) dated 02.11.2021 and Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India vide its notification F.No.78/2/2006-HR-PSU (pt II) dated November 05, 2021 for a period of three years or until further orders be and is hereby appointed as Director of the Company for a period of three years effective November 05, 2021 and until further orders and not liable to retire by rotation”.

6. Appointment of Shri Sanjay Vishnu Shetye (DIN 01089380), as a Director of the Company

To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 161(1) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure

Requirements) Regulations, 2015 Shri Sanjay Vishnu Shetye (DIN 01089380), who was appointed as Additional Director being designated as Non-official Independent Director in the Board of Madras Fertilizers Limited as recommended by the Appointment Committee of the Cabinet vide O.M.NO.20/29/2021-EO(ACC) dated 20.12.2021 and Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India vide its notification F.No.78/2/2006-HR-PSU (pt II) dated December 31, 2021 with effect from December 31, 2021 for a period of three years or until further orders, be and is hereby appointed as Director of the Company for a period of three years effective December 31, 2021 or until further orders and not liable to retire by rotation.

7. Appointment of Cost Auditor:

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 section 148 and other applicable provisions, if any, of the Companies Act 2013 read with Companies (Audit and Auditor) Rules 2014, Mrs. Aruna Prasad, (M 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 2022-23 as per the directions issued by the Central Government at a fee of ₹ 1,10,000/- plus taxes besides reimbursement of travelling and out of pocket expenses at actuals be and is hereby ratified.”

**By Order of the Board  
Sd/-**

**U Saravanan**

**Chairman & Managing Director**

**DIN : 07274628**

Chennai  
August 26, 2022

**Note:**

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its Circular No. 21/2021 dated December 14, 2021 read with Circular No.02/2021 dated January 13, 2021, Circular No.20/2020 dated May 05, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No.14/2020 dated April 08, 2020



- (hereinafter collectively referred to as “MCA Circulars”) and Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 and SEBI/HO/CFD/CMD2/CIR/ P/2021/11 dated May 12, 2020 and January 15, 2021 and Circular No.02/2022 dated May 05, 2022 respectively, permitted for holding the Annual General Meeting through VC or OAVM without the physical presence of Members at a common venue. In compliance with these MCA Circulars and the relevant provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Annual General Meeting of the Members of the Company is being held through VC/OAVM. Hence Members can attend and participate in the AGM through VC/OAVM only. The detailed procedure for participating in the meeting through VC/OAVM is explained in Sl.No.17.
2. The Notice of Annual General Meeting along with the Annual Report for the financial year 2021-22 is being sent by electronic mode to those Members whose email address are registered with the Company / Depositories in accordance with the aforesaid MCA and SEBI Circulars. Members may note that the Notice of Annual General Meeting and Annual Report for the financial year 2021-22 will also be available on the Company's website [www.madrasfert.co.in](http://www.madrasfert.co.in), website of National Stock Exchange i.e. [www.nseindia.com](http://www.nseindia.com).
  3. Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the Annual General Meeting and hence the Proxy Form and Attendance Slip are not annexed to the Notice.
  4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
  5. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
  6. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
  7. The statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013, relating to special business to be transacted at the meeting is annexed hereto. The relevant details, as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard – 2 on General Meetings issued by the Institute of Company Secretaries of India, of the person seeking appointment / re-appointment as a Director under item 3 to 6 of the Notice is also annexed to the Notice.
  8. The Register of Member and Share Transfer Books of the Company will remain closed from 15.09.2022 to 21.09.2022 (both days inclusive).
  9. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DP in case the shares are held by them in electronic form and to IRMSPL, in case the shares are held by them in physical form.
- SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in Securities Market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to M/s. Integrated Registry Management Services Pvt Ltd.





10. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or M/s. Integrated Registry Management Services Pvt Ltd., (IRMSPL) Kences Towers, II Floor, No.1, Ramakrishna Street, T Nagar, Chennai 60017, the Registrar and Transfer Agents and Depository Participants of the Company for assistance in this regard and all correspondences with regard to transfer of physical / electronic shares etc. may be addressed to them directly.
11. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or IRMSPL, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
12. Members intending to require information about Accounts in the Meeting are requested to inform the Company at least 7 days in advance of the AGM.
13. All documents referred to in the accompanying Notice of the AGM and explanatory statement shall be open for inspection without any fee at the Registered Office of the Company during normal business hours on any working day upto and including the date of the AGM of the Company.
14. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
15. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
16. Instructions for voting through electronic means (e-voting)
- i) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as voting on the date of the AGM will be provided by NSDL.
- ii) Shri V. Esaki (Membership No. 30353) Practicing Company Secretaries has been appointed as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.
- iii) The Results of the voting will be declared within 48 hours from the conclusion of the AGM. The declared Results, along with the Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
- iv) Voting rights of the Members for voting through remote e-voting and voting during the AGM shall be in proportion to shares of the Paid-up equity share capital of the Company as on the cut-off date. A person, whose name is recorded in the Register of members or in the Register of Beneficial Owners (as at the end of the business hours) maintained by the depositories as on the cut-off date shall only be entitled to avail the facility of remote e-voting and voting during the AGM.
- v) The remote e-voting period begins on 18.09.2022 at 09.00 A.M. and ends on 20.09.2022 at 05.00 P.M. During this period, the members holding shares either in physical form or in dematerialized form as on 14.09.2022 i.e. cut-off date, may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter.
- vi) Those members, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolution through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.





vii) The Members who have cast their vote by remote e-voting prior to the AGM may also attend / participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.

viii) Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holds shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@nsdl.com](mailto:evoting@nsdl.com) mentioning their demat account number / folio number, PAN, name and registered address. However, if he / she is already registered with NSDL for remote e-voting then he/she can use his/her existing user ID and password for casting the vote.

**ix) Process and manner for Remote e-voting :**

Members are requested to follow the below instructions to cast their vote through e-voting.

The way to vote electronically on NSDL e-Voting system

consists of “Two Steps” which are mentioned below:

Step 1 : Access to NSDL e-Voting system

Step 2 : Cast your vote electronically on NSDL e-Voting system.

**Step 1 : Access to NSDL e-Voting System**

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding Securities in demat mode:

In terms of SEBI Circular dated December 9, 2020, on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

**Login method for Individual shareholders holding securities in demat mode is given below :**

Types of shareholder	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> <li data-bbox="455 986 1409 1301">1. If you are already registered for NSDL IDeAS facility, please visit the e-services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com/">https://eservices.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your user ID and Password. After successful authentication, you will be able to see e-voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider - NSDL and you will be re-directed to NSDL e-voting website for casting your vote during the remote e-Voting period or joining virtual meeting and voting during the meeting.</li> <li data-bbox="455 1311 1409 1404">2. If the user not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com/">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS Portal” or click at <a href="https://eservices.nsdl.com/Secureweb/IdeasDirectReg.jsp">https://eservices.nsdl.com/Secureweb/IdeasDirectReg.jsp</a></li> <li data-bbox="455 1415 1409 1730">3. Visit the e-voting website of NSDL. Open web browser by typing the following URL:// <a href="https://www.evoting.nsdl.com">https://www.evoting.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-voting system is launched, click on the icon “Login” which is available under “Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or e-Voting service provider - NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting and &amp; voting during the meeting.</li> </ol>



## MADRAS FERTILIZERS LIMITED

Types of shareholder	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"><li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li><li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.</li><li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a>.</li><li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</li></ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID / Password are advised to use Forgot User ID and Forgot password option available at above mentioned website.

Helpdesk for Individual Shareholders holding Securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL:

Login Type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL.	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call toll free number 1800 1020 990 and 1800 22 44 30.
Individual Shareholders holding Securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022-23058738 or 022-23058542 – 43.



**B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-voting website of NSDL. Open web browser by typing the following URL <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under “Shareholders” section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. cast your vote electronically.

**4. Your User ID details are given below :**

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is :
A) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
B) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID. For example, if your Beneficiary ID is 12***** then your user ID is 12*****
C) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example, if EVEN is 123456 and folio number is 001*** then user ID is 123456001***

5. Your password details are given below:
  - a) If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you by NSDL. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
  - c) How to retrieve your ‘initial password’?
    - i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL in your mailbox from [evoting@nsdl.com](mailto:evoting@nsdl.com). Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
    - ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email IDs are not registered.



6. If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:
  - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d) Members can also use the one-time password (OTP) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, click on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-voting will open.

**Step 2 : Cast your vote electronically on NSDL e-Voting system:**

**How to cast your vote electronically on NSDL e-voting system?**

1. After successful login at Step 1, you will be able to see the all the Companies 'EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of the Company for which you wish to cast your vote during remote e-voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for Shareholders**

1. Institutional / Corporate shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc., with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by email to [esakics@gmail.com](mailto:esakics@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. 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 User Details/Password?" or "Physical User Reset Password?" option available on <https://www.evoting.nsdl.com> to reset the password.



3. In case of any queries relating to e-voting you may refer to the FAQs for Shareholders and e-voting user manual for Shareholders available at the download section of <https://www.evoting.nsdl.com> or call on toll free no.: 1800-222-990 and 1800-22-44-30 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or contact Ms. Pallavi Mhatre, Manager or Ms. Soni Singh, Asst. Manager, National Securities Depository Limited, Trade World, "A" wing, 4th Floor, Kamala Mills Compound, Senapati Bapat, Lower Parel, Mumbai or to the email ID [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in)/[SoniS@nsdl.co.in](mailto:SoniS@nsdl.co.in) or at telephone nos. +912224994545 / +912224994559, who will also address the grievances connected with voting by electronic means. Member may also write to the Company Secretary's email address [cs@madrasfert.co.in](mailto:cs@madrasfert.co.in).

**Process for those Shareholders whose email IDs are not registered with the depositories for procuring user ID and Password and registration of email IDs for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., name of the shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar card) by email to [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (Self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar card) to [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained in Step 1 (A) i.e. Login method for e-voting for Individual Shareholders holding securities in demat mode.
3. Alternatively shareholders / members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user ID and Password for e-voting by providing above mentioned documents.
4. In terms of SEBI Circular dated December 9, 2020 on e-voting facility provided by Listed Companies, individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants, Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**The instructions for Members for e-Voting on the day of the AGM are as under:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**17. Instructions for Members for Attending the AGM through VC/OAVM are as under:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.



## MADRAS FERTILIZERS LIMITED

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2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders / Members who need assistance before or during the AGM, can contact NSDL official Ms.Sarita Mote on Toll free no. 1800 1020 990 and 1800 22 44 30 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
6. Members seek any information with regard to the annual accounts for 2021-22 or any business to be dealt at the AGM, are requested to send an e-mail to [cs@madrasfert.co.in](mailto:cs@madrasfert.co.in) on or before 14.09.2022, along with their name, DP ID and Client ID / folio number, PAN and mobile number. The same will be replied by the Company suitably.
7. Further, members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered e-mail address mentioning their name, DP ID and Client ID / Folio number, PAN and mobile number at [cs@madrasfert.co.in](mailto:cs@madrasfert.co.in) on or before 14.09.2022. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

By Order of the Board

**Sd/-**

**U Saravanan**

**Chairman & Managing Director**

DIN : 07274628

Chennai  
August 26, 2022



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

### Item No.3: Appointment of Shri Gurumurthy Kyathari (DIN 08741900) as a Director of the Company

Department of Fertilizers vide O.M.No.95/1/2019-HR PSU dated September 29, 2021 communicated the appointment of Shri Gurumurthy Kyathari (DIN 08741900), as a part time Government Nominee Director on the Board of Madras Fertilizers Limited effective September 29, 2021 until further orders.

Shri Gurumurthy Kyathari (DIN 08741900), was appointed as Government Nominee Director of the Company pursuant to Section 161 (3) of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014, by the Board of Directors at their meeting held in October 27, 2021 with effect from September 29, 2021.

The Company has received all statutory disclosures / declarations from Shri Gurumurthy Kyathari, including (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 ("the Appointment Rules"), (ii) intimation in Form DIR-8 in terms of the Appointment Rules to the effect that he is not disqualified under sub-section (2) of Section 164 of the Act.

The resolution seeks the approval of members for the appointment of Shri Gurumurthy Kyathari as Government Nominee Director of the Company effective September 29, 2021 pursuant to Sections 149, 152 and other applicable provisions of the Act and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof) and his office shall be liable to retire by rotation.

No director, key managerial personnel or their relatives except Shri Gurumurthy Kyathari, to whom the resolution relates, is interested in or concerned, financially or otherwise, in passing the proposed resolution set out in item No. 3.

The Board recommends the resolution set forth in item No. 3 for the approval of members by the way of special resolution.

### Profile of Shri Gurumurthy Kyathari

DIN	08741900
Date of Birth	01.06.1967
Date of appointment/Change in terms of appointment	29.09.2021
Relationship with Directors/KMP	No
Shareholding in the Company	No
Remuneration proposed to be paid	Nil
Expertise in specific functional area	Constitutional Law, Finance, Vigilance & Establishment.
Number of shares held in the Company as on March 31,2022	Nil
List of the Directorships held in other Listed Companies	Nil
Chairman/Member of the Committee of Directors of other Companies in which he/she is a Director as on March 31, 2022	1
Number of Board Meeting attended during the year 2021-2022	4





**Item No.4 : Appointment of Shri Nalabothu Venkata Rao (DIN 00310724) as a Director of the Company**

Department of Fertilizers vide O.M.No.78/2/2006-HR-PSU (pt II) dated November 05, 2021 communicated the appointment of Shri Nalabothu Venkata Rao by Appointment Committee of the Cabinet vide its O.M.No.20/29/2021-EO(ACC) dated 02.11.2021 as Non-Official Independent Director on the Board of Madras Fertilizers Limited effective November 05, 2021 until further orders.

Shri Nalabothu Venkata Rao fulfills the requirements of an independent director as laid down under Section 149(6) of the Companies Act, 2013, and Regulation 16 of the LODR Regulations.

The Company has received all statutory disclosures / declarations from Shri Nalabothu Venkata Rao, including (i) consent in writing to act as director in Form DIR-2, pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 ("the Appointment Rules"),(ii) intimation in Form DIR-8 in terms of the Appointment Rules to the effect that he is not disqualified under sub-section (2) of Section 164 of the Act, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The Board of Directors of the Company has considered that Shri Nalabothu Venkata Rao possesses diverse skills, leadership capabilities, expertise in governance and finance, risk management and vast business experience, as being key requirements for this role.

Considering the above, the Board opined that Shri Nalabothu Venkata Rao has fulfilled the conditions specified in the Section 149, 152 and 161 of the Companies Act, 2013 and other applicable provisions of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Board of Directors at their meeting held on February 10, 2022 accorded approval for his appointment as Independent Director of the Company, not liable to retire by rotation, for three years effective from November 05, 2021 or until further orders.

The resolution seeks the approval of members for the appointment of Shri Nalabothu Venkata Rao as an independent director of the Company for a period of three years with effect from November 05, 2021 or until further orders, pursuant to Sections 149, 152 and other applicable provisions of the Act and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof) and his office shall not be liable to retire by rotation.

The Board recommends the resolution set forth in item No. 4 for the approval of members by the way of special resolution.

No director, key managerial personnel or their relatives except Shri Nalabothu Venkata Rao, to whom the resolution relates, is interested in or concerned, financially or otherwise, in passing the proposed resolution set out in item No.4.

**Profile of Shri Nalabothu Venkata Rao**

DIN	00310724
Date of Birth	01.06.1957
Date of appointment/Change in terms of appointment	05.11.2021
Relationship with Directors/KMP	No
Shareholding in the Company	No
Remuneration proposed to be paid	Nil
Expertise in specific functional area	Possessing experience in Dairy Industry



## MADRAS FERTILIZERS LIMITED

Number of shares held in the Company as on March 31,2022	Nil
List of the Directorships held in other Listed Companies	Nil
Chairman/Member of the Committee of Directors of other Companies in which he/she is a Director as on March 31,2022	-
Number of Board Meeting attended during the year 2021-2022	2

### Item No.5 : Appointment of Dr C R Jayanthi (DIN 09450350), as a Director of the Company

Department of Fertilizers vide O.M.No.78/2/2006-HR-PSU (pt II) dated November 05, 2021 communicated the appointment of Dr C R Jayanthi by Appointment Committee of the Cabinet vide its O.M.No.20/29/2021-EO(ACC) dated 02.11.2021 as Non-Official Independent Director on the Board of Madras Fertilizers Limited effective November 05, 2021 until further orders.

Dr C R Jayanthi fulfills the requirements of an independent director as laid down under Section 149(6) of the Companies Act, 2013, and Regulation 16 of the LODR Regulations.

The Company has received all statutory disclosures / declarations from Dr C R Jayanthi, including (i) consent in writing to act as director in Form DIR-2, pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 ("the Appointment Rules"),(ii) intimation in Form DIR-8 in terms of the Appointment Rules to the effect that he is not disqualified under sub-section (2) of Section 164 of the Act, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The Board of Directors of the Company has considered that Dr C R Jayanthi possesses professional experience, leadership capabilities, expertise in governance and vast administrative experience, as being key requirements for this role.

Considering the above, the Board opined that Dr C R Jayanthi has fulfilled the conditions specified in the Section 149, 152 and 161 of the Companies Act, 2013 and other applicable provisions of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Board of Directors at their meeting held on February 10, 2022 accorded approval for her appointment as Independent Director of the Company, not liable to retire by rotation, for three years effective from December 28, 2021 or until further orders.

The resolution seeks the approval of members for the appointment of Dr C R Jayanthi as an independent director of the Company for a period of three years with effect from December 28, 2021 or until further orders, pursuant to Sections 149, 152 and other applicable provisions of the Act and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof) and his office shall not be liable to retire by rotation.

The Board recommends the resolution set forth in item No. 5 for the approval of members by the way of special resolution.

No director, key managerial personnel or their relatives except Dr C R Jayanthi, to whom the resolution relates, is interested in or concerned, financially or otherwise, in passing the proposed resolution set out in item No.5.

### Profile of Dr C R Jayanthi

DIN	09450350
Date of Birth	19.12.1961
Date of appointment/Change in terms of appointment	28.12.2021
Relationship with Directors/KMP	No



## MADRAS FERTILIZERS LIMITED

Shareholding in the Company	No
Remuneration proposed to be paid	Nil
Expertise in specific functional area	Doctor by Profession with 31 years of professional experience
Number of shares held in the Company as on March 31,2022	Nil
List of the Directorships held in other Listed Companies	Nil
Chairman/Member of the Committee of Directors of other Companies in which he/she is a Director as on March 31,2022	Nil
Number of Board Meeting attended during the year 2021-2022	2

### Item No.6: Appointment of Shri Sanjay Shetye (DIN 01089380) as a Director of the Company

Department of Fertilizers vide O.M.No.78/2/2006-HR-PSU (pt II) dated December 31, 2021 communicated the appointment of Shri Sanjay Shetye by Appointment Committee of the Cabinet vide its O.M.No.20/29/2021-EO(ACC) dated 20.12.2021 as Non-Official Independent Director on the Board of Madras Fertilizers Limited effective December 31, 2021 until further orders.

Shri Sanjay Shetye fulfills the requirements of an independent director as laid down under Section 149(6) of the Companies Act, 2013, and Regulation 16 of the LODR Regulations.

The Company has received all statutory disclosures / declarations from Shri Sanjay Shetye, including (i) consent in writing to act as director in Form DIR-2, pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 ("the Appointment Rules"),(ii) intimation in Form DIR-8 in terms of the Appointment Rules to the effect that he is not disqualified under sub-section (2) of Section 164 of the Act, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The Board of Directors of the Company has considered that Shri Sanjay Shetye possesses rich experience as entrepreneur, diverse skills, leadership capabilities, expertise in governance and vast business experience, as being key requirements for this role.

Considering the above, the Board opined that Shri Sanjay Shetye has fulfilled the conditions specified in the Section 149, 152 and 161 of the Companies Act, 2013 and other applicable provisions of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Board of Directors at their meeting held on February 10, 2022 accorded approval for his appointment as Independent Director of the Company, not liable to retire by rotation, for three years effective from December 31, 2021 or until further orders.

The resolution seeks the approval of members for the appointment of Shri Sanjay Shetye as an independent director of the Company for a period of three years with effect from December 31, 2021 or until further orders, pursuant to Sections 149, 152 and other applicable provisions of the Act and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof) and his office shall not be liable to retire by rotation.

The Board recommends the resolution set forth in item No. 6 for the approval of members by the way of special resolution.

No director, key managerial personnel or their relatives except Shri Sanjay Shetye, to whom the resolution relates, is interested



## MADRAS FERTILIZERS LIMITED

in or concerned, financially or otherwise, in passing the proposed resolution set out in item No.6.

### Profile of Shri Sanjay Shetye

DIN	01089380
Date of Birth	16.01.1966
Date of appointment/Change in terms of appointment	31.12.2021
Relationship with Directors/KMP	No
Shareholding in the Company	NO
Remuneration proposed to be paid	Nil
Expertise in specific functional area	Event Management, Creative, Graphics, Film Production and Photography
Number of shares held in the Company as on March 31,2022	Nil
List of the Directorships held in other Listed Companies	-
Chairman/Member of the Committee of Directors of other Companies in which he/she is a Director as on March 31,2022	-
Number of Board Meeting attended during the year 2021-2022	2

### Item No.7: Appointment of Cost Auditor for the year 2022-23

The company is required to have its cost records audited by a Cost Accountant in practice. Accordingly, the Board at its meeting held on 18/07/2022 on the recommendation of the Audit Committee, approved the appointment and remuneration of ₹ 1,10,000 plus GST as applicable and reimbursement of out of pocket expenses, to Mrs. Aruna Prasad (M No. 11816) Cost Account as me, to conduct the audit of the cost records of the Company, for the Financial Year ending March 31, 2023.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be ratified by the Members of the Company.

Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditor for the Financial Year ending March 31, 2023 as set out in the resolution, for the services rendered / to be rendered by the Cost Auditor.

None of the Directors and / or Key Managerial Personnel of the Company and / or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the notice.

### Inspection of Documents

The documents pertaining to Special Businesses will be made available electronically for inspection by the Members during the AGM. Members intending to inspect are requested to write to [cs@madrasfert.co.in](mailto:cs@madrasfert.co.in)



## DIRECTORS' REPORT

The Shareholders  
Madras Fertilizers Limited

Your Directors have pleasure in presenting herewith the 56<sup>th</sup> Annual Report together with the Balance Sheet as at March 31, 2022 and the Statement of Profit & Loss for the year 2021-22.

### SUMMARY OF FINANCIAL RESULTS

₹ Cr

Particulars	2021-22	2020-21
Revenue from Operations	2302.16	1532.79
Profit Before Interest, Depreciation, Exceptional items and Tax	269.29	139.60
Less: Finance Cost	93.11	105.59
Less: Depreciation & Amortization Expenses	9.46	31.14
Less: Exceptional items	0.00	0.00
Profit / (Loss) Before Tax	166.72	2.87
Provision for Tax	4.67	0.00
Profit / (Loss) After Tax	162.05	2.87
Other Comprehensive Income	27.79	31.54
Cash Profit / (Loss)	199.30	65.55

The Revenue from Operations of the Company was increased by ₹ 769.37 Cr. around 50% (FY 2021-22 ₹ 2302.16 Cr. as against the FY 2020-21 ₹ 1532.79 Cr.) mainly due to increase in subsidy. The Company has made profit after tax of ₹ 162.05 Cr.

### REVIVAL

The Company has submitted a Revival Proposal to Department of Fertilizers, Government of India, for its consideration.

### DIVIDEND

The Company does not propose to declare any Dividend to shareholders during the fiscal 2022.

The Dividend Distribution Policy, in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") is available on the Company's website at [www.madrasfert.co.in](http://www.madrasfert.co.in).

### TRANSFER TO RESERVES

The Company has not transferred any amount to Reserve during the year.

### SHARE CAPITAL

There is no change in the paid-up share capital of the Company. The Paid-up Equity Share Capital of the Company as on March 31, 2022 is Rs. 162.14 Cr.

### HIGHLIGHTS OF PLANT PERFORMANCE

- ❖ During the year 2021-22, Plant has produced **503900 MT** of Neem Coated Urea. The capacity Utilisation of Urea Plant is 103.5% with an operating factor of 101.6%.
- ❖ MFL has achieved Urea Production of **503900 MT** which is the best annual production (previous best 486750 MT in the FY 2013-14).
- ❖ Annual Specific Energy Consumption of **7.371 GCal/MT** of Urea is the Lowest Specific Energy Consumption since inception (Previous Best 7.386 GCal/MT in the FY 2013-14)
- ❖ Quarterly Production of **146662 MT** of Urea during Oct-Dec 2021 is the highest production since inception (Previous Best 144763 MT during Jan-Mar 2011)
- ❖ Quarterly Specific Energy Consumption of **6.989 GCal/MT** of Urea during Oct-Dec 2021 is the Lowest Specific Energy Consumption since inception (Previous Best 7.057 GCal/MT during Jan-Mar 2011)
- ❖ Monthly production of **50662 MT** achieved during Dec 2021 is the Best monthly production (Best 50650 MT in Mar 2016)
- ❖ Monthly Specific Energy Consumption of **6.839 GCal/MT** of Urea during Dec 2021 is the Lowest Specific Energy Consumption since inception (Previous Best 6.890 GCal/MT in Apr 2013)



- ❖ At the close of Mar 31, 2022, 2911 days were completed without any lost time accident covering 9.99 million man-hours. (Previous best Achieved - 5.66 million man-hours.)

### MEMORANDUM OF UNDERSTANDING

A MoU was signed with Department of Fertilizers (DOF), Government of India for the year 2021-22 on February 10, 2022 setting up targets for performance of the Company in terms of static and dynamic parameters.

### MARKETING PERFORMANCE

#### Fertilizer Sales

- ❖ Achieved an **All time Record** sale of 5,04,559 MTs of Vijay Neem Coated Urea since revamping of Urea Plants which is 5.2% increase over previous year sale of 4,79,402 MTs.
- ❖ Our Market share in Tamil Nadu is 28.01% which is more than One fourth of total **market share of Tamilnadu** and it is 8.2 % in MFL's marketing territory of South India. (Total consumption 2021-22: 61,45,562 MTs and CPLY : 60,68,525 MT).
- ❖ Sold the entire available quantity of 26,253 MTs of Vijay 17-17-17.
- ❖ Overall, Sold 5,30,812 MTs of both NPK 17-17-17 and NC Urea during the year which is at par with the previous year sale of 5,31,270 MTs.
- ❖ Record movement of 5,28,255 MT which is **2nd best in the last 8 years**, irrespective of pandemic conditions that prevailed throughout the year.

#### Bio fertilizers, Bio Pesticides & Organic Manures Sales

- ❖ Sold 169.24 MT of Vijay Bio Fertilizers which is the **highest in the past 6 years and it is 8% increase** over previous year sale of 157.00 MT.
- ❖ Sold 113.63 KL of Vijay Neem which is the **highest in the past 8 years and it is 17% increase** over previous year sale of 96.67 KL.
- ❖ Under "Basket Approach" MFL **sold 6832 MTs** of Vijay

Organic which is the **highest in the past 6 years and 35% increase** over previous year sale of **5046 MTs**. MFL is proud to be the **Market leader in Tamilnadu with 50 % market share**.

- ❖ In addition to Organic Manure, Under "Swachh Bharat Mission", **Marketing of City Compost**, a product from Municipality/Factory waste, has been undertaken and 6403 MTs was sold which is 66% **increase** over previous year sale of **6403 MTs**. With respect to City Compost sales, MFL is the **TOPPER in Tamilnadu in this segment**.

### MARKET DEVELOPMENT & AGRO-SERVICE PROGRAMMES :

MFL's Marketing personnel have contacted 23744 farmers during the year and continuously imparted knowledge to farmers on use of eco-friendly products for soil health, soil fertility, Soil vitality and balanced fertilization (Integrated Nutrient Management). Method demonstrations and farmer seminars were organized in coordination with State/Central Agricultural extension departments.

Under corporate social responsibility to farming community, Marketing personnel had collected 4036 soil samples, got analyzed and communicated to the farmers about 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 continues its service to the farmers through "Kisan Suvidha Kendra" at Gangavathy and Shimoga in Karnataka State. 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 were offered.

#### DBT Implementation

- ❖ In compliance with PAN India implementation of DBT Fertilizer, in order to sustain sales thru PoS machines, MFL is continuously educating the Wholesalers/Retailers and farmers on the importance of PoS sales.



## MADRAS FERTILIZERS LIMITED

- ❖ “All-time high” Bill generation for NC Urea since inception of DBT in Jan'201800

	NC Urea	17-17-17	Total
Bills generated- Qty	5,34,364 MT	33,666 MT	5,68,030 MT
Bills generated- Value	1801.98 Cr.	37.58 Cr.	1839.79 Cr.

### VIGILANCE

#### ACTIVITIES AND ACHIEVEMENTS OF VIGILANCE DEPARTMENT DURING 2021-22

- ❖ Complaints received were attended and reports submitted as per Complaints Handling Policy of the Company / Central Vigilance Commission (CVC) guidelines.
- ❖ 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.
- ❖ CVO had four Structured Meetings with the CMD, MFL on 04.05.2021, 22.07.2021, 08.12.2021 & 14.02.2022 and pending issues were discussed and suggestions given to the Management.
- ❖ For all the Tenders with value more than Rs. 2 lacs e-Tendering and e-reverse auction method is being followed.
- ❖ Annual Property Returns of the Officers were scrutinized 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 2021 from 26.10.2021 to 01.11.2021 as directed by CVC. The following are the highlights:
  - On 25.10.2021, a Vendor Awareness Campaign through Video Conference by Materials Management Department, MFL was conducted. 11 Vendors have participated in the campaign.
  - On October 26, 2021, in view of COVID situation, Integrity Pledge was administered by CMD to Senior Management Officials at 1100 hours in the lawns of Administrative Building. All other employees took integrity pledge at their respective work spots.
- On Oct 27, 2021, a Workshop through video conference on Preventive Vigilance was conducted by Shri B Annil Kumar, Chief Manager – Distribution & Sales (i/c), MFL, Chennai. The participants were all Chief Managers, Deputy General Managers and Group Heads.
- On Oct 28, 2021, a Workshop through video conference on MFL Policies and Procedures was conducted by Shri N Ananthvijayan, General Manager – P & A (a/c), MFL, Chennai. The participants were officers of Grade E 1 to E 3 nominated by respective Group Heads.
- On Oct 29, 2021, a Guest Lecture on “Independent India @ 75 : Self Reliance with Integrity” was delivered by Smt. S Srimathy, Executive Director, Indian Overseas Bank, Chennai. While presenting the general concepts of preventive vigilance, she also shared her experiences in Banking Industry as Director and as CVO. The session was highly interactive and was attended by the CMD, Group Heads and Department Heads of MFL.
- Awareness Gram Sabha was organised in Annaveri Village of Shimoga Dist by Davangere RO on 29.10.2021. Grama Panchayat, State Vigilance Dept., Agriculture Dept. & High School students participated in the program. Inspector of Police, Anti-Corruption, Shimoga inaugurated the program by lighting lamps. ADA Vigilance, DoA was the Chief Guest of the program. Gram Panchayat President VSSN President, along with our RM, Davangere presided over the meeting. The programme conveyed the message of ill effects of corruption. Around 105 farmers participated in the program and 200 nearby village school students have taken pledge during the program.
- Dealers' meet organised on 29.10.2021. Deputy Superintendent of Police, Directorate of Vigilance & Anticorruption, Madurai presided over the function and briefed about the evil effect of corruption and how countries are suffering due to corruption. He advised all the participants to be honest and





- genuine in all walks of their life. Inspector of Police delivered an elaborate lecture about day to day sufferings due to corruption and selfishness of corrupted employees. Vigilance pledge was taken by all the dealers along with DVAC officials. Around 70 dealers participated.
- On November 01, 2021, a Workshop through video conference on 'Public Procurement' was conducted by Ms N Karthigai, Chief General Manager – Materials Management, Neyveli Lignite Corporation of India Ltd., Neyveli. The participants were officers of Grade E4 to E5 and all Department Heads.
  - As a part of Vigilance Awareness Week 2021 celebration, Essay and Slogan Competitions were held for the employees and their wards and the theme for these competitions was "Independent India @ 75 : Self Reliance with Integrity".
  - As directed by Central Vigilance Commission, a link was provided in the Company's web site to facilitate Citizens and Corporates to access the CVC website and to take e-Pledge. A number of employees / vendors / public have undertaken e-pledge through MFL website.
  - MFL has produced a totally in-house short video clip "I told the truth" on the theme of Anti-corruption. The same has been uploaded in the desired link on 06.10.2021, per CVC OM No.021/MS/021-493070 dated 28.09.2021.
  - Banners displaying theme of VAW 2021 were placed at MFL Plant (4 Nos.) and in all Regional Offices (1 No. each).
  - Displayed the PIDPI Posters in the Notice Boards at MFL Plant and at all Regional Offices.
  - Bulk SMS on VAW 2021 theme sent to Dealers, Vendors and other contacting agencies – M&D Group – around 3500 Whatsapp messages were sent on VAW 2021 Theme. Around 400 Emails sent to various vendors by MM on VAW 2021 Theme.
  - CVO, MFL addressed the employees of BHEL, Chennai on 28.10.2021 thru Video Conference on the topic "Transparency and Accountability in Public Procurement" in connection with VAW 2021.
  - CVO, MFL conducted a workshop at Southern Regional Inspection Office, RITES, Chennai on 29.10.2021 thru Video Conference on the topic "Vigilance Awareness" in connection with VAW 2021.
  - Prizes were distributed to the Winners of the Vigilance Awareness Week competitions on 17.11.2021 by CMD.
- ❖ In addition to the above, MFL Vigilance organized five Workshops as detailed below :
- As part of inculcating awareness, a Workshop on "Preventive Vigilance" was conducted by CVO, MFL on 29.06.2021. This included case studies of complaints received and shortcomings noticed in tender procedures, medical reimbursement, etc. Group Heads and other officials from all relevant departments participated in the programme.
  - As part of Preventive Vigilance initiatives stressed by CVC, a Workshop on "Integrity and Ethics" was organised on 14.09.2021. This was conducted by Shri K Rajendran, CVO, Cochin Shipyard. This covered important facets of the said topic and included many case studies. This was attended by Middle and Top Management Executives including Director – Technical.
  - As advised by CVC Preventive Vigilance Training Programme was imparted on 29.09.2021. The programme was designed on the module developed by CVC and customised to the needs of MFL. It has covered various aspects like Vigilance Angle, E-governance, Procedural Lapses leading to Vigilance Cases, etc. 29 Middle Management Executives participated in the Training Programme conducted by External Faculty.
  - A Preventive Vigilance Workshop through Video Conference (VC) on "Best Practices of Marketing" was conducted by Director-Marketing, FACT Ltd Cochin on 10.02.2022. 12 Officials from M&D and F&A Group participated in the programme.
  - As advised by CVC, a Preventive Vigilance – Inhouse Training Program on "Basic Tender Concepts" was conducted by Shri. A Madhan Mohan, DGM-MM (i/c), MFL on 31.03.2022. 17 Officials nominated by respective Group Heads participated in the programme.



**Integrity Pact :**

- ❖ Integrity Pact Meeting by Independent External Monitor (IEM) Shri Virupakshan Pranatharhiharan, IFS (Retd) was held on 09.09.2021.
- ❖ Shri Aditya Kumar Mittal, IRSE (Retd) was appointed as Second Independent External Monitor (IEM) on 23.12.2021.
- ❖ Half Yearly Structured Meeting of IEMs with CMD was held on 30.12.2021.
- ❖ Quarterly Review Meeting of IEMs with Director – Technical was held on 29.03.2022 thru Video Conference.

**HUMAN RELATIONS AND INDUSTRIAL RELATIONS**

**TRAINING**

272 employees have been trained during the year 2021-22 on Technical, Soft and Life Skills.

**INDUSTRIAL RELATIONS**

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

**SC / ST EMPLOYEES WELFARE ACTIVITIES**

- ❖ The Presidential Directives and various guidelines issued by the Government of India from time to time relating to the SC / ST employees are being scrupulously followed.
- ❖ Rs.30,000/- was granted per SC/ST Association for celebrating Dr. Ambedkar Jayanthi.
- ❖ To handle the grievance of SC/ST employees, the following are in existence
  - SC/ST Cell
  - Internal Grievance Committee (IGC) for SC and ST separately
  - A Liaison Officer for SC/ST employees

**OBC EMPLOYEES WELFARE ACTIVITIES**

- ❖ Rs. 30,000/- was granted for OBC employees' welfare Association to celebrate Thanthai Periyar E V Ramasamy's Birthday.
- ❖ To handle the grievance of OBC employees, the following are in existence

- OBC Cell
- Internal Grievance Committee (IGC) for OBC employees
- A Liaison Officer for OBC employees

**OFFICIAL LANGUAGE IMPLEMENTATION**

The target fixed by Department of Official Language for letter correspondence in Hindi and other implementation programs are being taken care of. Hindi Fortnight was celebrated at Head Office and Regional Offices. Various competitions were organized through online and prizes were distributed.

**INVESTOR RELATIONS CELL (IRC)**

IRC is functioning in the Company under the Company Secretary to create awareness of the Company's strength and ensuring timely communication to shareholders.

**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. However, the company is evaluating the performance of its Directors as per the guidelines issued by SEBI.

**Meeting of the Board**

During the year 2021-22, Six meetings of the Board of Directors 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 in excess of the amount mentioned in Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The details of ratio of the remuneration of each director to the median remuneration of the employees of the Company and percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary in the financial year as required to be disclosed in pursuant to Rule 5 (1) is provided in Annexure A.

### **Directors and Key Managerial Personnel**

Dr Girish Kumar resigned from the Post of Company Secretary and Compliance Officer with effect from September 13, 2021. The Board has appointed Mr. Ram Ganesh (M No. 8633) as the Company Secretary with effect from 18/07/2022.

Shri Gurumurthy Kyathari (DIN 08741900), who was appointed as a Nominee in the Board of Madras Fertilizers Limited as per Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India notification F.No.95/1/2019-HR-PSU with effect from September 29, 2021, until further orders. The Board has recommended the Members to appoint him as the Director of the Company in the 56th Annual General Meeting of the Company.

Shri Nalabothu Venkata Rao (DIN 00310724), who was appointed as Additional Director being designated as Non-official Independent Director in the Board of Madras Fertilizers Limited as recommended by the Appointment Committee of the Cabinet vide O.M.NO.20/29/2021-EO(ACC) dated 02.11.2021 and Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India vide its notification F.No.78/2/2006-HR-PSU (pt II) with effect from the notification i.e. November 05, 2021 for a period of three years or until further orders. The Board has recommended the Members to appoint him as the Director of the Company in the 56th Annual General Meeting of the Company.

Dr. C R Jayanthi (DIN 09450350), who was appointed as Additional Director being designated as Non-official Independent Director in the Board of Madras Fertilizers Limited as recommended by the Cabinet vide O.M.NO.20/29/2021-EO(ACC) dated 02.11.2021 and Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India vide its notification F.No.78/2/2006-HR-PSU (pt II) dated November 05, 2021 for a period of three years or until further orders. The Board has recommended the Members to appoint her as the Director of the Company in the 56th Annual General Meeting of the Company.

Shri Sanjay Vishnu Shetye (DIN 01089380), who was appointed as Additional Director being designated as Non-official Independent Director in the Board of Madras Fertilizers Limited as recommended by the Appointment Committee of the Cabinet vide O.M.NO.20/29/2021-EO(ACC) dated 20.12.2021 and Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India vide its notification F.No.78/2/2006-HR-PSU (pt II) dated December 31, 2021 with effect from December 31, 2021 for a period of three years or until further orders. The Board has recommended the Members to appoint him as the Director of the Company in the 56th Annual General Meeting of the Company.

### **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, 2022, the applicable accounting standards (Ind AS) 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;



- d) the directors have prepared the annual accounts on a going concern basis.
- e) 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
- f) 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.

### **Prevention of Sexual Harassment**

Disclosures in relation to the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 have been provided in the Report on Corporate Governance report.

### **Conservation of Energy, Technology Absorption & Foreign Exchange Earnings and outgo**

The details of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required in pursuant to 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 Listing Agreement 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 along with Certificate of Corporate Governance and Business Responsibility & Sustainability Report have been enclosed as **Annexure – III and IV** respectively forming part of the report.

### **Code of Conduct**

Declaration affirming compliance with the code of conduct pursuant to the provisions of Regulation 17(5) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) is enclosed as **Annexure - V** forming part of this report.

### **Declaration by Independent Directors:**

The Independent Directors have submitted their declaration to the Board that they meet the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 25 of Listing Regulations so as to qualify as an Independent Director of the Company

### **Annual Return**

As provided under Section 92 (3) of the Act, the form MGT-7 Annual Return is available in our website [www.madrasfert.co.in](http://www.madrasfert.co.in).

### **Auditors**

- a) The Comptroller & Auditor General of India shall appoint the Statutory Auditors of the Company for the year 2022-23.
- b) Mrs. Aruna Prasad Cost Accountant, has been re-appointed as Cost Auditor of the Company for the year 2022-23.
- c) 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 322nd meeting held on May 19, 2022 has appointed M/s. V Esaki & Associates (M.No.30353), Practicing Company Secretary, as the Secretarial Auditor of your Company. The Secretarial Auditor’s Report (**Form No.MR-3**) for the year 2021-22 is enclosed as **Annexure – VI & VI A**, forming part of this report. Further, in terms of SEBI LODR Regulations, Secretarial Compliance Report has also been obtained from M/s. Esaki & Associates for the year 2021-22.



### Committees

The details pertaining to the composition of (i) Audit Committee, (ii) Nomination & Remuneration Committee, (iii) Stakeholders Relationship Committee, (iv) Risk Management Committee, (v) Corporate Social Responsibility Committee are included in the Corporate Governance Report, which is a part of this report.

### Public Deposit

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

### 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. As none of the transaction is material in nature, hence no resolution is placed before the shareholder for their approval.

The Company's Policy on Related Party Transactions is available on the Company's website at [www.madrasfert.co.in](http://www.madrasfert.co.in)

### Maintenance of Cost records and accounts:

The Company, in terms of the provisions of Section 148 (1) of the Companies Act, 2013, is required to maintain cost records. Accordingly, the Company had maintained Cost Accounts and Records for the year ended March 31, 2022.

### Corporate Social Responsibility (CSR)

As per Section 135 of Companies Act, 2013, the CSR Committee of the Board consisting 3 or more directors out of which one director shall be an independent Director. The Company having 4 members of CSR Committee and the Chairman of the Committee is an Independent Director.

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, 2022 and the date of the report.

### Significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future

There were no significant awards that have been passed by any Court or Judicial Authority against the company during the Financial Year 2021-22 impacting the going concern status and Company's operations in future.

### Internal financial control systems and their adequacy:

The details in respect of internal financial control and their adequacy are included in the Management Discussion and Analysis, which is a part of this report.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory and secretarial auditors and external consultants, including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant board committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2022.

### Auditor's report and Secretarial audit report

The statutory auditor's report and the secretarial auditor's report do not contain any qualifications, reservations, or adverse remarks or disclaimer.

No frauds is reported by auditors under Section 143(12) of the Act other than those reportable to the Central Government.



### Risk management

The Company has risk policy and implemented the risk management policy in true spirit including identification of risk elements. The boards' opinion, may threaten the company existence, if any, provided in Management Discussion and Analysis in this report.

The Company has developed and implemented various policy, procedures and practice to mitigate the risk and threats and to achieve the objects of the Company. Some of the important policies are

1. Prompt convening of Risk Management Committee
2. Analysis of Business Continuity Plan by the Head of Departments on need basis
3. Upholding Corporate Governance Practices

### 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, 2022 duly signed by the Chairman & Managing Director and General Manager - Finance & Accounts (A/C) was submitted to the Board of Directors at their meeting held on May 19, 2022 is enclosed as **Annexure – IX** forming part of this report.

### **Certificate from Company Secretary in Practice pursuant to Clause 10 of Part C of Schedule V of SEBI (LODR) Regulations, 2015:**

The Certificate dated July 01, 2022 received from M/s. V Esaki & Associates, Company Secretaries, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Board/ Ministry of Corporate Affairs or any such Statutory Authority is enclosed as **Annexure X**.

### Vigil Mechanism

MFL is having vigil mechanism for directors and employees to report their concerns. The Directors and employees can approach Chairman Audit Committee of the Board directly and report their concern in appropriate case. The vigil mechanism and whistle blower policy is published in the website of the Company [www.madrasfert.co.in](http://www.madrasfert.co.in).

### Prevention of Insider Trading

No instances of insider trading have 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 of prevention of insider trading and code for corporate disclosure is published in the website of the Company [www.madrasfert.co.in](http://www.madrasfert.co.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

Sd/-

U Saravanan

Chairman & Managing Director

(DIN : 07274628)

Chennai  
July 18, 2022



ANNEXURE

**Particulars of Remuneration of Directors / Key Managerial Personnel / Employees (Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)**

- a) The ratio of the remuneration of directors and KMP to the median remuneration of the employees of the Company for the Financial Year- 2021-22

( in lacs)

S No.	Particulars	Median Remuneration (Rs.)	Remuneration	Median Remuneration in %
1	Director	20	45	2.25 Times
2	KMP	20	24	1.20 Times

- b) The Percentage increase in remuneration of Director, Chief Executive Officer, Manager, Chief Financial Officer, Company Secretary in the Financial Year- 2021-22

( in lacs)

S No	Name	Designation	2020-21	2021-22	% of increase of salary
1.	U Saravanan	Chairman and Managing Director	49.12	50.20	0.03

- c) The percentage increase / (decrease) in the median remuneration of employees in the Financial Year 2021-22

(In lacs)

Particulars	2020-21 (Rs.)	2021-22 (Rs.)	Percentage Increase of Median salary
Total Salary	20.45	23.75	11.6

- d) The number of permanent employees on the rolls of the Company

(In lacs)

Particulars	2020-21	2021-22
No. of Employees	539	511



**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 2021-22</b>	<b>Previous Year 2020-21</b>
<b>A. Power and fuel consumption</b>			
<b>1. Electricity</b>			
(a) Purchased			
Unit (lakhs)	1113.767		1093.149
Total amount (₹ in lakhs)	8535.571		8395.176
Rate / unit (₹)	7.66		7.68
* Includes power consumed at TTP, Kodungaiyur			
(b) Own generation			
(i) Through diesel generator			
Units (lakhs)	0.000		4.552
Diesel consumption (KL)	0.000		134.730
Units per ltr. of diesel oil	0.000		3.379
Cost/unit (₹)	0.00		21.08
<b>2. Coal</b>	Not applicable		Not applicable
<b>3. RLNG, Furnace oil &amp; LSHS</b>			
Furnace Oil Quantity (tonnes)	30785		37797
Total cost (₹ per tonne)	12532.198		9577.967
Average rate (₹ per tonne)	40708.78		25340.55
RLNG Quantity (MMBTU)	13680870		13413868
Total cost (₹ in lakhs)	144371.558		80198.21
Average rate (₹ per tonne)	1055.28		597.88
<b>B. Consumption per unit of Production</b>	<b>FICC Norm</b>	<b>2021-22</b>	<b>2020-21</b>
(a) Product : Ammonia			
Electricity (KWH) *	115.000	113.780	116.723
Fuel oil + LSHS (MT)	0.2341	0.00491	0.00619
RLNG (MMSCM)		0.00107	0.00108
* includes own generation			
(b) Product: Urea			
Electricity (KWH)202.000	202.00	150.214	149.263
Fuel oil + LSHS (MT)	0.1309	0.0342	0.0406
RLNG(MMSCM)		0.0001	0.0001
(c) Product: NPK			
Electricity (KWH)	43.410	74.927	75.470
Fuel oil + LSHS (MT)	0.0069	0.0087	0.0088



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	NIL
	(a) Capital	
	(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

2021-22

1.	Activities relating to export	NIL
2.	Total Foreign Exchange used	(₹ Cr)
	a. Raw Materials	45.63
	b. Components & Spare Parts	4.97
	c. Books & Periodicals / Travel	-
	<b>Total</b>	<b>50.60</b>
3.	Total Foreign Exchange earned	NIL



## MANAGEMENT DISCUSSIONS AND ANALYSIS

### Business

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

MFL is engaged in the manufacture of Ammonia, Urea and Complex Fertilizers at Manali, Chennai-68. MFL is also engaged in manufacturing Bio-fertilizers and marketing of eco-friendly Organic fertilizers and Neem Pesticides under the brand name “VIJAY”.

### Overview of the Economy

The government has continued its focus on augmenting farmer income through various steps. Increased allocation across the schemes to drive irrigation facilities, improve agricultural markets, augment the allied sectors supporting income, setting-up of FPOs, crop insurance schemes and income supplementation schemes are major positive. With these steps, a positive effect on fertiliser offtake is expected.

### Industry Structure and Development

Fertilizer industry is one of the most industrial sectors that contributes mainly to achieve food security and sustainable agricultural development.

Indian fertilizer sector witnessed a sustained high growth in consumption. The Government has taken a number of initiatives for promoting balanced fertilization to accelerate agricultural growth.

Besides this, there have been efforts on the technological development in production processes that keep pace with the latest global production methods and environmental requirements.

Improvement in demand due to a good monsoon which resulted in higher sowing aided the increase in production. Overall Fertilizers Sales too have increased buoyed by a good monsoon and harvest season. As overall cost of production of urea produced using RLNG has seen decrease in the working capital intensity of the fertilizer manufacturers and it will also act as a relief for the fiscal spending of the government while disbursing the urea subsidy.

### Agricultural Situations prevailed in Southern States :

**In Tamilnadu**, South West monsoon accounted for 393.4 mm of rainfall which is 17% higher than the normal of 336 mm and is slightly lesser than previous year rainfall of 424.4 mm. But the Northeast monsoon was abundant and contributed to 711.6 mm of rainfall 58% more than normal and 50% more against CPLY. Mettur is the major reservoir in Tamil Nadu which caters to cultivation of around 16 lakh acres. Irrigation water was released on the customary date of 12th June as like last year and the crop coverage is above normal. Due to good rainfall during Rabi season, majority of the tanks filled, ground water table replenished and reservoir levels increased leading to increased crop coverage of Paddy, Sugarcane, Cotton and Maize over CPLY. Produce price was good for Maize(Rs.2000-2400/Q) and Cotton(Rs.8000-9800/Q) but not remunerative for Paddy(1500-1750/Q) and Sugarcane(2850/MT). The Yield for Paddy and Millets is 1400-1700 Kg/ac and 300 Kg/ac for Pulses. Total TN food grain production exceeded 100 lac MT. Demand for Urea and restricted supply of DAP/ Complex fertilizers/ MOP by all manufacturers prevailed throughout the year due to poor imports.

**Puducherry UT** received 2277.1 mm rainfall which is 58% excess over normal of 1432.4 mm. Paddy is the major crop which is cultivated over 50000 acres & covered in 3 seasons followed by sugarcane with 10500 acres. Receipt of



excess rains in rabi led to a crop damage of around 15000 acres. The yield of Paddy has come down significantly due to excess down pours in rabi season. No major reservoirs available in the Union Territory. Paddy produce price ranged between Rs 800-1000/ bag of 77 Kgs. There was a demand for all categories of Fertilizers.

**Telangana State** recorded 1138.70 mm rainfall against normal of 862.40 mm resulting in good seasonal conditions. Major reservoirs viz. Nagarjuna Sagar, Sriram Sagar, Srishilam and Lower Manair Dam recorded normal water levels. During Kharif season, major crops like Paddy, Maize, Jowar, Cotton, Chillies, Pulses, Oil Seeds and other crops including Vegetables were sown in 109.39 lakh acres against a normal of 116.63 lakh acres. During Rabi, Paddy, Maize, Groundnut, Pulses and other crops sown in an area of 43.24 lakh acres against normal of 46.49 lakh acres. Record production of Paddy was achieved by Telangana farmers this year but procurement issues were experienced.

**Andhra Pradesh State** received 998.60 mm which is 15% excess against normal of 870.60 mm. All the Reservoirs in Andhra Pradesh State recorded very good water levels during both Kharif & Rabi seasons. Major Crops like Paddy, Maize, Pulses, Groundnut, Cotton, Chillies etc were sown in 39.95lac hectares against a normal of 48.90lac hectares in Kharif. In Rabi Paddy, Maize, Pulses and other crops were sown in 23.22Lac hectares against a normal of 24.81Lac hectares. The Paddy Procurement price of Rs 1940/quintal, in spite of increase over previous year, was not beneficial to farmers with the escalation of input costs.

**Karnataka State** received 16% more than normal rainfall during the year. Due to good rainfall, all major reservoirs of the State reached Full Reservoir Level (FRL). In view of the adequate water in the reservoirs, crop coverage was normal during Kharif & Rabi season. Due to very good rainfall during October & November'2021, the ground water table was comfortable and all borewells have been recharged. The food grain production has recorded 15 - 20% increase over the previous years. The produce prices were steady barring few vegetables like Onion, Tomato, Chillies (recorded highest price). The produce price of plantation crops like Coffee (Arabica Parchment Rs.15,000/- per 50 Kg., Robusta Parchment Rs.8,000/- per 50 Kg) and Arecanut (Rs.50000 to 60000/quintal) was significantly higher over CPLY. Good consumption of fertilizers observed except DAP & MOP supplies which was hampered during Rabi season due to sudden spike in raw material prices, whereas complex fertilizer consumption increased.

**Kerala** received 2363.700 mm rainfall which is 20% lesser than normal rainfall of 2948.600 mm during the year 2021-22. Increase in price of Phosphatic and Pottassic fertilizers, Shortage of MOP and DAP during season time adversely affected the fertilizer consumption. There was heavy demand for low priced Urea and farmers started applying more urea skipping phosphatic and pottassic fertilizers.

## **STRENGTH, WEAKNESS, OPPORTUNITIES & THREATS**

### **Strengths**

MFL's strength is its Highly skilled manpower, its flagship product Brand namely Vijay and its dedicated far and wide reach of marketing network throughout South India are its strength. It has its presence in the market over 5 decades and receive continuous support from the Gol. It has already converted its feed stock from Naptha to RLNG which is being supplied by M/s IOC located at the close proximity of MFL.

### **Weaknesses**

Agro-climatic condition has a large effect on the performance of the Company. NPK raw materials which are imported are subject to severe volatility in terms of its availability and affordable price. Variation in the foreign currency exchange rates will also affect the profitability of the Company.



### Opportunities

There is a compelling need for alternate fertilizers which will have lesser wastage and reduced fertilizer usage while keeping the same or more yield. This opens up for new investment with better return while ensuring food security.

Business diversification like Trading of fertilizer products will improve the bottom line of the company.

### Threats

High volatility in the prices of raw material of NPK resulting in an adverse impact on production of NPK and marketing plans which eventually affects the bottom line of the company.

### Outlook

The outlook for the fertilizer sector is positive on expectations of good monsoon. The underlying macros for the Indian fertilizer industry look promising. With surplus reservoir levels, forecasts for a good monsoon season, demand for the procurement of fertilizers seems also promising.

### Risks and Area of Concern

The company face low operating margin due to working capital limitation for NPK production. But, the company ensured uninterrupted supply of vital plant nutrients besides ensuring safety of the plants and personnel including contract labor.

### Fertilizer Sector

( Lac MT)

PRODUCT	UREA		NPK	
	2020-21	2021-22	2020-21	2021-22
Sales in MFL Marketing Territory	60.68	61.45	59.61	53.19
MFL Sales	4.79	5.04	0.52	0.26

For Complex fertilizers, NBS is applicable from 1.4.2010 where subsidy is being fixed by Government on yearly basis and the MRP is allowed to be fixed by manufacturers based on market dynamics. During the year 2021-22, the subsidy allowed for 17-17-17 is Rs 12619/- MT which is an increase of Rs 5174/- MT over previous year subsidy of Rs.7445/- .

The consumption of UREA has marginally increased due to favorable agricultural situation and NP/NPK/NPKS (Other than DAP) consumption decreased by 12% over CPLY in MFL's territory due to short availability.

- ❖ MFL achieved **Rail : Road ratio of 81:19** for Urea movement against the DoF norms of 80:20, **despite prevailing pandemic situation**, which is the **2<sup>nd</sup> best** in the **last 11 years**.
- ❖ **For the 3<sup>rd</sup> Consecutive year** since 2019-20, MFL products were marketed without any additional rebates., thereby saving a huge outgo on marketing costs.
- ❖ **No credit period/Open credit offered** by MFL during the financial year, whereas Competitors offered several discounts/rebates and open credit facilities.
- ❖ **For the 4<sup>th</sup> consecutive year, achieved 100 % RTGS/online payments** for all the sales transactions.



**Global Scenario :**

During 2021-22, the International FoB Prices of Urea were in continuous increasing trend as compared to 2020-21. The Urea price that was at USD 376 PMT during Mar'21, increased continuously throughout the year by 58.51% and reached a high of USD 596 PMT by Mar'22. In comparison, the price during previous year ranged USD 257-376 PMT. Phosphoric acid CFR price was in also in increasing trend. It was USD 795 PMT during Mar 2021, stable at USD 1160 during Aug-Oct'21, USD 1330/- during Nov'21 –Feb'22 and finally reached USD 1530 during Mar'2022 with an increase of 92.45%. The previous year range was USD 590-795 PMT.

MOP CFR price was USD 247 PMT during Mar'2021, remained stable at USD 280 PMT during May-Nov'2021 and finally settled at USD 590 PMT during Mar'2022 with an increase of 138.87%. MOP ranged between USD 280-247 PMT during the previous year.

**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 2020-21 and 2021-22 are given below : [Lakh MT]

PRODUCT	UREA			DAP	NP/NPK (Other than DAP)		MOP *	
	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22
PRODUCTION	246.03	250.80	37.73	42.20	93.22	83.10	-	-
IMPORTS	98.29	91.40	48.82	54.60	13.90	11.70	42.27	24.60
CONSUMPTION	350.42	341.80	119.11	92.7	118.11	114.80	34.25	24.60

\* For direct application only, Excludes supply to NPK/Complex fertilizers units.

**All India Demand Forecast For Fertilizer Nutrients for the Periods 2021-22 to 2023-24** [Lakh MT]

PERIOD	N	P	K	TOTAL	RATIO (NPK)
2021-22 (Estd)*	194.4	78.3	25.3	298.0	7.7:3.1:1
2022-23 (Estd)	197.7	79.1	28.2	305.0	7.0:2.8:1
2023-24 (Forecast)	202.4	81.4	29.4	313.0	6.9:2.8:1

\* DBT sale.

**All India Product-Wise Demand Forecast For 2021-22 To 2023-24** [Lakh MT]

PERIOD	UREA	DAP	SSP	MOP	COMPLEX FERTILIZERS
2021-22 (Estd) *	341.8	92.7	56.8	24.6	114.8
2022-23 (Estd)	347.3	94.5	57.3	28.2	114.8
2023-24 (Forecast)	355.2	97.4	59.5	29.2	117.8

\* DBT sale.

The Demand forecast for fertilizers and corresponding nutrients are based on anticipating favorable onset of monsoon, availability of irrigation, production, imports, cropping pattern etc. And it is based on existing product nutrient ratio also. However, with Nutrient Based subsidy scheme and programs like soil health management and promotion of balanced fertilizer nutrients application, the demand for complex fertilizers will get rationalized in the coming years.



### Nutrient Based Subsidy (NBS) 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 twenty grades of Complex fertilizers.

Under NBS Scheme, A new product 'Potash Derived from Molasses (PDM-0:0:14.5:0) has been included as 25th grade of P & K fertilizers. Any fortified fertilizers with secondary & micro-nutrients like Sulphur, Boron & Zinc will continue to be eligible for additional per MT subsidy of Rs 300/- & Rs 500/- respectively.

To compensate the losses incurred by the manufacturers due to high escalation in international market prices of all raw materials & various grades of fertilizers, Govt of India extended an additional subsidy @ Rs 8769/-MT for DAP and Rs 2000/-MT for 20-20-0-13, 10-26-26 and 12-32-16 during Rabi 2021-22.

The per kg Nutrient Based Subsidy for Nutrients 'N' 'P' 'K' for the period 2018-19 to 2021-22 is given below:

Sl.No.	Nutrients	2018-19	2019-20	2020-21	2021-22
1	N	18.901	18.901	18.789	18.789
2	P	15.216	15.216	14.888	45.323
3	K	11.124	11.124	10.116	10.116
4	S	2.722	3.562	2.374	2.374

For the current year 2021-22, GOI has increased NBS rates @ Rs.12619/- MT as subsidy for the NPK grade 17-17-17. It was Rs.7445/- during 2020-21.

### 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 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.

**Ratio Analysis**

Particulars	FY 2021-22
(i) Debtors Turnover	2.34
(ii) Inventory Turnover	1.24
(iii) Interest Coverage Ratio	2.79
(iv) Current Ratio	0.61
(v) Debt Equity Ratio	(3.43)
(vi) Operating Profit Margin (%)	7.24 %
(vii) Net Profit Margin (%)	7.04 %
(viii) Return on Net worth	(0.33)

**Accounting Treatment:**

There is no change in the accounting treatment adopted by the Company during the year in the preparation of financial statement other than the Indian Accounting standards as per the provisions of the Companies Act and Rules made thereunder.

**Prevention of Sexual Harassment**

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 have been provided in the Report on Corporate Governance Report.

The Company has zero tolerance for sexual harassment at the work place and has been following the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2014 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace.

During the year, two programs were conducted to create awareness among women associates explaining the provisions available under the PoSH Act 2014.

Internal Compliance Committee (ICC) is in place at MFL to redress complaints received regarding sexual harassment. All women associates (permanent, temporary, contractual and trainees) as well as any woman visiting the Company's premises are covered under this provision.

Summary of sexual harassment issues raised attended and disposed of during the financial year 2021-22:

No. of complaints received	: Nil
No. of complaints disposed of	: Nil
No. of cases pending for more than 90 days	: Nil





## 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, MFL Board strength is 9. Chairman and Managing Director and Director (Technical) are Executive Directors and all other Directors are Non-Executive Directors. The Board of Directors comprise of One GOI Nominee Director and Two functional Directors viz. CMD and Director – Technical appointed by the Government of India. Our Co-Promoter, Naftiran Intertrade Co. Ltd., has appointed three Directors. Three Non-official independent directors are appointed by the Government of India.

S. No.	Director	Category	Tenure		In other Boards / Committees			
			From	To	Directorship	Members-ship	Chairman-ship	Directorship in other listed entity
1	Shri U Saravanan (DIN 07274628)	CMD	01.11.2018	Continuing	2	-	-	-
2	Shri K Gurumurthy (DIN 08741900)	NED (GOI Nominee)	29.09.2021	Continuing	1	-	-	-
3	Shri Lalsanglur (DIN 08118636)	NED (GOI Nominee)	10.04.2018	29.09.2021	NA	NA	NA	-
4	Shri Harsh Malhotra (DIN 08520873)	Director (Technical)	22.07.2019	Continuing	-	-	-	-
5	Shri Mohammad Bagher Dakhili (DIN 07704367)	NED (NICO Nominee)	18.02.2017	Continuing	1	1	-	Chennai Petroleum Corp. Ltd
6	Shri Babak Bagherpour (DIN 08341090)	NED (NICO Nominee)	23.10.2018	Continuing	1	1	-	Chennai Petroleum Corp. Ltd
7	Smt. Samieh Kokabi (DIN 09066692)	NED (NICO Nominee)	10.02.2021	Continuing	-	-	-	-
8	Shri Nalabothu Venkata Rao (DIN 00310724)	Independent	05.11.2021	Continuing	9	-	-	-
9	Dr C R Jayanthi (DIN 09450350)	Independent	28.12.2021	Continuing	-	-	-	-
10	Shri Sanjay Shetye (DIN 01089380)	Independent	31.12.2021	Continuing	3	-	-	-



## MADRAS FERTILIZERS LIMITED

Details regarding tenure, number of other Directorships/Committee Memberships (viz. Audit Committee and Shareholders Grievance Committee as per SEBI's Corporate Governance Code) held by Directors during the year 2021-22 are tabulated below:

### Board Meeting

During the year, Six (6) meetings of the Board were held on 23.06.2021, 11.08.2021, 27.10.2021, 10.11.2021, 10.02.2022 & 21.03.2022. The Annual General Meeting was held on 30th September 2021 through Video Conference("VC") / Other Audio Visual Means("OAVM"). Details of attendance of directors at the Board Meetings and Annual General Meeting are as follows:-

S.No.	Name of the Director	Category	Tenure		Board Meetings during respective tenure of Directors		Whether attended last AGM held on 30.09.2021
			From	To	Held	Attended	
1	Shri U Saravanan	CMD	01.11.2018	Continuing	6	6	Yes
2	Shri K Gurumurthy	NED-GOI Nominee	29.09.2021	Continuing	4	4	No
3	Shri Lalsanglur	NED-GOI Nominee	10.04.2018	29.09.2021	2	1	NA
4	Shri Harsh Malhotra	Director (Technical)	22.07.2019	Continuing	6	6	Yes
5	Shri Mohammad Bagher Dakhili	NED-NICO Nominee	18.02.2017	Continuing	6	6	No
6	Shri Babak Bagherpour	NED-NICO Nominee	23.10.2018	Continuing	6	6	Yes
7	Smt. Samieh Kokabi	NED-NICO Nominee	10.02.2021	Continuing	6	5	Yes
8	Shri Nalabothu Venkata Rao	Independent	05.11.2021	Continuing	3	2	NA
9	Dr C R Jayanthi	Independent	28.12.2021	Continuing	2	2	NA
10	Shri Sanjay Shetye	Independent	31.12.2021	Continuing	2	2	NA

Relationships between Directors Inter-Se

There is no inter-se relationship with directors and KMP of the Company.

Number of shares and convertible instruments held by non- executive directors: Nil

### SKILLS/EXPERTISE/COMPETENCIES AVAILABLE WITH THE BOARD

In pursuance to Schedule V of the SEBI (LODR) Regulation, the chart setting out the core skills / expertise/ competencies identified by the Board of Directors as required by it in the context of the Company's business and sector for it to function effectively and those actually available with the Board of Directors and the names of directors who have such skills / expertise / competencies are as under



## MADRAS FERTILIZERS LIMITED

Name of Director	Corporate Governance and Legal Compliance				
	Corporate Governance and Legal Compliance	Accounting and Finance	Leadership and General Management	Industry Experience	Strategic Planning and Implementation
Shri U Saravanan	√	√	√	√	√
Shri K Gurumurthy	√	√	√	√	√
Shri Harsh Malhotra	√	√	√	√	√
Shri Mohammad Bagher Dakhili	√	√	√	√	√
Shri Babak Bagherpour	√	√	√	√	√
Smt. Samieh Kokabi	√	√	√	√	√
Shri Nalabothu Venkata Rao	√	√	√	√	√
Dr C R Jayanthi	√	√	√	√	√
Shri Sanjay Shetye	√	√	√	√	√

In the opinion of the Board, the Independent Directors fulfill the conditions specified in the Listing Regulations and are Independent of the Management.

### Audit Committee

During the year 2021-22, the Audit Committee met Six (6) times on i.e. 23.06.2021, 11.08.2021, 27.10.2021, 10.11.2021, 10.02.2022 & 21.03.2022. 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	Shri Nalabothu Venkata Rao	Chairman (Independent)	10.02.2022	Continuing	2	2
2	Shri K Gurumurthy	Chairman (GOI Nominee)	29.09.2021	10.02.2022	2	2
		Member (GOI Nominee)	10.02.2022	Continuing	2	2
3	Shri Lalsanglur	Chairman (GOI Nominee)	14.08.2019	19.07.2021	2	1
4	Shri U Saravanan	Member (CMD)	14.08.2019	27.10.2021	2	2
5	Shri Mohammad Bagher Dakhili	Member (NICO Nominee)	14.08.2019	18.07.2022	6	6
6	Shri Harsh Malhotra	Member (Director (Technical))	14.08.2019	10.02.2022	4	4
7	Dr C R Jayanthi	Member (Independent)	10.02.2022	Continuing	2	2
8	Shri Sanjay Shetye	Member (Independent)	10.02.2022	Continuing	2	2



**Terms of Reference:**

- (1) oversight of financial reporting;
- (2) recommendation for appointment, remuneration and terms of appointment of auditors;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, including:
  - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - (b) changes, if any, in accounting policies and practices and reasons for the same;
  - (c) major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) significant adjustments made in the financial statements arising out of audit findings;
  - (e) compliance with listing and other legal requirements relating to financial statements;
  - (f) disclosure of any related party transactions;
  - (g) modified opinion(s) in the draft audit report;
- (5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.);;
- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the Company with related parties;
- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) to review the functioning of the whistle blower mechanism;
- (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.



- (21) consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., and its shareholders.
- (22) to carry on the duties and function as may be assigned by the Board from time to time.

**Nomination and Remuneration Committee**

During the year 2021-22, the Nomination and Remuneration Committee (NRC) met on Feb 10, 2022. Details of attendance of the members of NRC Meeting is as follows:-

S.No.	Name of the NRC Members	Status	Tenure		No. of meetings held	No. of meetings attended
			From	To		
1	Shri Sanjay Shetye	Chairman (Independent)	10.02.2022	Continuing	1	1
2	Shri K Gurumurthy	Member (GOI Nominee)	10.02.2022	Continuing	1	1
3	Shri U Saravanan	Member (CMD)	10.02.2022	Continuing	1	1
4	Smt. Samieh Kokabi	Member (NICO Nominee)	10.02.2021	Continuing	1	1
5	Shri Nalabothu Venkata Rao	Member (Independent)	10.02.2022	Continuing	1	1
6	Dr C R Jayanthi	Member (Independent)	10.02.2022	Continuing	1	1

**Terms of Reference:**

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (2) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
  - a. use the services of an external agencies, if required;
  - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - c. consider the time commitments of the candidates.
- (3) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (4) devising a policy on diversity of board of directors;
- (5) identifying persons who are qualified to become directors and who may be pointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- (6) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- (7) recommend to the board, all remuneration, in whatever form, payable to senior management.

**Performance evaluation criteria for independent directors**

The performance evaluation criteria for independent directors are participation and contribution by a director, commitment, effective deployment of knowledge and expertise, integrity and maintenance of confidentiality and independence of behaviour and judgement, upholding ethical standards of integrity and probity, his/her knowledge about the Company and external environment in which it operates,

**Remuneration to the Directors**

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 ₹ 90,22,687/-.

The Company pays only sitting fees to the Non-official Independent Directors and no other monetary compensation is being paid to them. For Nominee Director of Government of India and Nominees of Naftiran Intertrade Co (NICO) Ltd no remuneration is paid for attending the Board / Committee Meetings during the year.

**Stakeholders Relationship Committee**

During the year 2021-22, the Stakeholders Relationship Committee (SRC) met on June 23, 2021. Details of attendance of the members of SRC Meeting is as follows :-

S.No.	Name of the SRC Members	Status	Tenure		No. of meetings held	No. of meetings attended
			From	To		
1	Shri Mohammad Bagher Dakhili	Chairman (NICO Nominee)	18.02.2017	Continuing	1	1
2	Shri Lalsanglur	Member (Govt. Nominee)	10.04.2018	29.09.2021	1	1
3	Shri K Gurumurthy	Member (GOI Nominee)	10.02.2022	Continuing	NA	NA
4	Shri U Saravanan	Member (CMD)	13.08.2015	Continuing	1	1
5	Shri Nalabothu Venkata Rao	Member (Independent)	10.02.2022	Continuing	NA	NA

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.

For the year 2021-22, 6 (Six) 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 was 54 which include attending Loss of Share Certificate, Issue of Duplicate Share Certificate, Nomination and Procedure for transmission of shares, general queries, etc. All the complaints were redressed in full and there is no pending as of March 31, 2022.



### Risk Management Committee

The Risk Management Committee (RMC) has been reconstituted with the following members effective 10.02.2022 :

S.No.	Name of the RMC Members	Status	Tenure	
			From	To
1	Shri Nalabothu Venkata Rao	Chairman (Independent)	10.02.2022	Continuing
2	Shri U Saravanan	Member (CMD)	12.08.2016	Continuing
3	Shri Mohammad Bagher Dakhili	Member (NICO Nominee)	10.02.2022	Continuing
4	Shri Harsh Malhotra	Member Director (Technical)	10.02.2022	Continuing

### Terms of Reference:

- (1) (a) A framework for identification of internal and external risks specifically faced by Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.  
(b) Measures for risk mitigation including systems and processes for internal control of identified risks.  
(c) Business continuity plan.
- (2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

**Compliance Officer:** Shri Priya Ranjan Panda, was appointed as Company Secretary and Compliance Officer of the Company with effective from September 14, 2021 by the Board of Madras Fertilizers Limited. However Shri R Ram Ganesh has been appointed as the Company Secretary and Compliance Officer effective July 18, 2022.

### General Body Meetings

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

Year	Venue	Date	Time
2020-2021	Meeting conducted through Video Conference ("VC")/Other Audio Visual Means ("OAVM")	30.09.2021 (Thursday)	11.00 A.M.
2019-2020	Meeting conducted through Video Conference ("VC")/Other Audio Visual Means ("OAVM")	29.12.2020 (Monday)	11.00 A.M.
2018-2019	Narada Gana Sabha No.314, TTK Road , Alwarpet Chennai 60001	19.09.2019 (Thursday)	11.30 A.M.



**Related Party Transactions :**

A transaction with a related party shall be considered material, if either single transaction or together with all or any other transaction during a financial year with the company, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

All related party transactions entered during the year, including the one existing with the Chennai Petroleum Corporation Ltd. (CPCL), were on arm's length basis and 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.

The Policy on dealing with related party transactions are displayed in our website [www.madrasfert.co.in](http://www.madrasfert.co.in).

**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.

**Compliance:**

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, except mentioned elsewhere in this report.

Total fees for all services paid to the statutory auditor by the Company for the FY 2021-22 was Rs. 26 lakhs.

**Disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has always believed in providing a safe and harassment-free workplace for every individual working in the Company. The Company has complied with the applicable provisions of the aforesaid Act and the Rules framed thereunder, including constitution of the Internal Complaints Committee (ICC).

**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, Financial Express and one Regional Daily Maalaimalar. The financial results are made available on the Company's website: [www.madrasfert.co.in](http://www.madrasfert.co.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 21, 2022
Time	:	11.00 a.m
Venue	:	Video Conferencing / AV means
Financial Year	:	April 2021 – March 2022
Book Closure Date	:	15.09.2022 to 21.09.2022 (both days inclusive)
Dividend Payment	:	Nil





## MADRAS FERTILIZERS LIMITED

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

High / Low share prices during the year April 1, 2021 to March 31, 2022

### 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 2021	27.20	23.20	15044.35	14151.40	1237459	315.27
May	31.40	24.45	15606.35	14416.25	6426033	1881.96
Jun	35.60	28.20	15915.65	15450.90	19565009	6469.31
Jul	34.70	29.90	15962.25	15513.45	6135228	2013.66
Aug	33.80	26.00	17153.50	15834.65	5069477	1531.48
Sep	34.00	27.55	17947.65	17055.05	11305286	3561.18
Oct	32.80	28.00	18604.45	17452.90	4659266	1437.54
Nov	30.60	26.20	18210.15	16782.40	2241661	641.90
Dec	30.70	25.45	17639.50	16410.20	5188982	1490.33
Jan 2022	39.35	28.65	18350.95	16836.80	23110792	8038.31
Feb	38.30	27.75	17794.60	16203.25	9565485	3278.11
Mar	55.25	30.00	17559.80	15671.45	33630787	14285.63

### 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

2nd Floor, Kences Towers

No. 1, Ramakrishna Street

Off: North Usman Road

T Nagar, Chennai 600 017

Phone 091-044 - 2814 0801 to 803

Email : corpseiv@integratedindia.in

### Dematerialisation of Shares:

MFL has connectivity with both NSDL and CDSL

ISIN No : INE 414A01015

15,73,57,898 equity shares (representing 97.68% of total shares) have been dematerialized as of March 31, 2022. In terms of number of shareholders, 80.40 % of shareholders have dematted their shares.



**MADRAS FERTILIZERS LIMITED**

Distribution of Shareholding:  
The distribution of shareholding as on March 31, 2022 is as follows:

Sl. No.	Distribution of shares	Physical			NSDL			CDSL			Total		
		Count	Shares	%	Count	Shares	%	Count	Shares	%	Count	Shares	%
1	Upto 500	427	681	0.00	3857	62121	0.04	9102	145050	0.09	13386	207852	0.13
2	501-1000	129	12888	0.01	2131	202261	0.13	3118	287771	0.18	5378	502920	0.31
3	1001-2000	3261	652200	0.40	2085	388716	0.24	2202	383857	0.24	7548	1424773	0.88
4	2001-3000	433	129900	0.08	902	251985	0.16	1050	284271	0.18	2385	666156	0.41
5	3001-4000	426	170333	0.11	413	159458	0.10	441	165764	0.10	1280	495555	0.31
6	4001-5000	1466	733000	0.45	1325	688287	0.41	1067	527356	0.33	3858	1918643	1.19
7	5001-10000	1576	1540600	0.96	1635	1475646	0.92	1169	1015427	0.63	4380	4031673	2.50
8	Above 10000	223	503800	0.31	1133	145611841	90.39	946	5738087	3.56	2302	151853728	94.26
	<b>Total</b>	<b>7941</b>	<b>3743402</b>	<b>2.32</b>	<b>13481</b>	<b>148810315</b>	<b>92.37</b>	<b>19095</b>	<b>8547583</b>	<b>5.31</b>	<b>40517</b>	<b>161101300</b>	<b>100.00</b>

Category of Shareholders as on March 31, 2022 as follows:

S No	Category	Physical			Electronic			Total					
		No. of Hold-ers	% of Hold-ers	No. of Shares	% of Hold-ers	No. of Shares	% of shares	No. of Hold-ers	% of Hold-ers	No. of Shares	% of shares		
1	ASSOCIATION OF PERSONS (AOP)	0	0.00	0	0.00	1500	0.00	2	0.00	2	0.00	1500	0.00
2	BANKS	13	0.03	34600	0.02	0	0.00	0	0.00	13	0.03	34600	0.02
3	BODIES CORPORATE	78	0.19	134000	0.08	141	0.35	1472250	0.91	219	0.54	1606250	1.00
4	CLEARING MEMBER	0	0.00	0	0.00	142	0.35	735879	0.46	142	0.35	735879	0.46
5	EMPLOYEES	82	0.20	69900	0.04	0	0.00	0	0.00	82	0.20	69900	0.04
6	FOREIGN PROMOTERS	0	0.00	0	0.00	1	0.00	41516500	25.77	1	0.00	41516500	25.77
7	GOVERNMENT/PROMOTERS	0	0.00	0	0.00	1	0.00	95851700	59.50	1	0.00	95851700	59.50
8	LLP	0	0.00	0	0.00	2	0.00	10189	0.01	2	0.00	10189	0.01
9	MUTUAL FUND	1	0.00	2400	0.00	0	0.00	0	0.00	1	0.00	2400	0.00
10	N R I	0	0.00	0	0.00	179	0.44	445444	0.28	179	0.44	445444	0.28
11	NBFCs	0	0.00	0	0.00	2	0.00	40000	0.02	2	0.00	40000	0.02
12	RESIDENT INDIAN	7767	19.17	3502502	2.17	32106	79.24	17284436	10.73	39873	98.41	20786938	12.90
	<b>Total</b>	<b>7941</b>	<b>19.60</b>	<b>3743402</b>	<b>2.32</b>	<b>32576</b>	<b>80.40</b>	<b>157357898</b>	<b>97.68</b>	<b>40517</b>	<b>100.00</b>	<b>161101300</b>	<b>100.00</b>

**MADRAS FERTILIZERS LIMITED****Mode-wise Shareholdings as on March 31, 2022**

Mode	Count	Shares	%
Physical	7941	3743402	2.32
NSDL	13481	148810315	92.37
CDSL	19095	8547583	5.31
Grand total	40517	161101300	100.00

Category	Count	Shares	%
Government of India	1	95851700	59.50
Naftiran Inter Trade Company (NICO) Ltd	1	41516500	25.77
Others	40515	23733100	14.73
<b>GRAND TOTAL</b>	40517	161101300	100.00

Plant Location : Manali, Chennai 600 068

**The Address for correspondence is**

R. Ram Ganesh  
Company Secretary and Compliance Officer  
Madras Fertilizers Limited  
Manali, Chennai 600 068  
Tel : 044 2594 2281 / 044 25945489  
Email : cs@madrasfert.co.in / cosec@madrasfert.co.in



## **CERTIFICATE ON CORPORATE GOVERNANCE**

To

The Members of Madras Fertilizers Limited  
Manali  
Chennai – 600 068

We have examined the compliance of conditions of Corporate Governance by M/s.MADRAS FERTILIZERS LIMITED, having CIN: L32201TN1966GOI005469, for the year ended 31st March 2022, as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the 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 our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance wherever applicable. The Composition of the Board of Directors during the period under review are not in accordance with the provisions of SEBI (LODR) Regulations. However, being a Government Company it has taken up the matter with the Department of Fertilizers, Government of India to appoint sufficient number of Independent Directors to comply with the SEBI (LODR) Regulations.

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.

Yours Faithfully  
For **V.Esaki & Associates**  
**Company Secretaries**

**SD/-**  
**V.Esaki**  
**Proprietor / Membership No: 30353**  
UDIN :A030353D000613144

Place : Chennai  
Date : 13/07/2022

**BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING FORMAT****SECTION A: GENERAL DISCLOSURES****I. Details of the listed entity**

1	Corporate Identity Number (CIN) of the Listed Entity	L32201TN1966GOI005469
2	Name of the Listed Entity	MADRAS FERTILIZERS LIMITED
3	Year of incorporation	1966
4	Registered office address	Post Bag No.2, Manali, Chennai 600068
5	Corporate address	Post Bag No.2, Manali, Chennai 600068
	E-mail	cs@madrasfert.co.in/cosec@madrasfert.co.in
7	Telephone	25942489 / 25945203
8	Website	www.madrasfert.co.in
9	Financial year for which reporting is being done	2021-22
10	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange (NSE)
11	Paid-up Capital	₹ 161.10 Cr
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Company Secretary & Compliance Officer Madras Fertilizers Limited Manali, Chennai 600068 Phone : 044-25942281 / 25945489
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Standalone basis

**II. Products/Services****14. Details of business activities (accounting for 90% of the turnover):**

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacture & Marketing Fertilizers	Production and Marketing of Neem Coated Urea and NPK 17-17-17 Complex Fertilizers	100%

**15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):**

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	NPK Complex 17-17-17 fertilizer	20122	2%
2	Neem Coated Urea	20121	98%

**III. Operations****16. Number of locations where plants and/or operations/offices of the entity are situated:**

Location	Number of plants	Number of offices	Total
National	1	13*	14
International	-	-	-

\* Regional / Sales offices & Bio Plant office only

**17. Markets served by the entity:****a. Number of locations**

Locations	Number
National (No. of States)	7 (5 States and 2 Union Territories)
International (No. of Countries)	Nil

**b. What is the contribution of exports as a percentage of the total turnover of the entity?**

Nil

**c. A brief on types of Customers :**

MFL is selling its products in Southern States of India by having the network of around 5500 dealers in different categories which are detailed below :

Gen	SC	ST	Unemp	Govt	Ex-Ser	PH	Coop	Inst	Others	Total
3661	1401	220	36	4	9	7	217	0	3	5558

**IV. Employees****18. Details as at the end of Financial Year:****a. Employees and workers (including differently abled):**

S. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>EMPLOYEES</b>						
1.	Permanent (D)	323	293	90%	30	10%
2.	Other than Permanent (E)	NIL				
3.	Total employees (D + E)	323	293	90%	30	10%
<b>WORKERS</b>						
4.	Permanent (F)	188	179	95%	9	5%
5.	Other than Permanent (G)	2251	2207	98%	44	2%
6.	Total workers (F + G)	2439	2386	98%	53	2%



**MADRAS FERTILIZERS LIMITED**

**b. Differently abled Employees and workers:**

S. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>DIFFERENTLY ABLED EMPLOYEES</b>						
1.	Permanent (D)	3	3	100%	--	--
2	Other than Permanent (E)	NIL				
3	Total employees (D + E)	3	3	100%	--	--
<b>DIFFERENTLY ABLED WORKERS</b>						
4	Permanent (F)	1	1	100%	--	--
5	Other than Permanent (G)	Nil				
6	Total differently abled workers (F + G)	1	1	100%	--	--

**19. Participation/Inclusion/Representation of Women**

Board of Directors	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	9	2	22
Key Managerial Personnel	3	0	Nil

**20. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)**

	FY 2021-22 (Turnover rate in current FY)			FY 2020-21 (Turnover rate in previous FY)			FY 2019-20 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	1.3	0	1.3	0.3	0	0.3	0	0	0
Permanent Workers	0.6	0	0.6	1.1	0	1.1	1.4	0	1.4

**V. Holding, Subsidiary and Associate Companies (including joint ventures)**

**21. (a) Names of holding / subsidiary / associate companies / joint ventures**

S. No.	Name of the holding / subsidiary/ associate companies/joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
Not Applicable				



**VI. CSR Details**

**22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)-No\***

(ii) Turnover (in Rs.) : 2333.87 Crores

(iii) Net worth (in Rs.) : (505.39) Crores

(iv) Amount spent as CSR : Rs. 48.86 Lakhs

- As the average profit for the last three is negative, the Company has no obligation to spend any amount on CSR activities. However, the Company has voluntarily spent towards CSR.

**VII. Transparency and Disclosures Compliances**

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	FY 2021-22 Current Financial Year			FY 2021-21 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	One	One	10 Community Verification in one complaint received	One	One	Verification matter taken up with the concerned authorities for doing the needful
Investors (other than shareholders)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Shareholders	Yes	54	Nil	Nil	33	Nil	Nil
Employees and workers	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Customers	Yes	2	Nil	Nil	1	Nil	Nil
Value Chain Partners	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Other (please specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil





**24. Overview of the entity’s material responsible business conduct issues**

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format :

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	In case of risk, approach to adapt or mitigate Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Price Volatility of Raw Materials for Fertilizers	Risk and opportunity	Increase in Demand for Fertilizers	Changeover of feed stock from Naptha to RLNG will substantially reduce the cost of production of urea and Product Diversification strategies are also in the pipeline	Positive Huge Demand and import dependency provides opportunity for business expansion.

**SECTION B: MANAGEMENT AND PROCESS DISCLOSURES**

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

P1	Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent and accountable
P2	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains
P4	Businesses should respect the interests of and be responsive towards all its stakeholders
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect and make efforts to restore the environment
P7	Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
P8	Businesses should promote inclusive growth and equitable development
P9	Businesses should engage with and provide value to their consumers in a responsible manner



## MADRAS FERTILIZERS LIMITED

	P1	P2	P3	P4	P5	P6	P7	P8	P9
	Ethics & Transparency	Product Responsibility	Human Resources	Responsiveness to Stakeholders	Respect for Human Rights	Responsible Lending	Public Policy Advocacy	Inclusive Growth	Customer Engagement
<b>Policy and Management Process</b>									

a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No)^	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
Has the policy been approved by the Board? (Yes/No) {Refer Note 1}	Policies of the Company have been approved or competent authorities as per the Delegations of the Board									
Web link of the policies, if available	www.madrasfert.co.in Some policies may also include a combination of internal policies of the Company which are accessible to all internal stakeholders and policies placed on the Company's website.									
Whether the entity has translated the policy into procedures. (Yes / No)	Yes. The Company has translated the policies as applicable and imbibed the same into procedures and practices in all spheres of activities that the Company undertakes.									
Do the enlisted policies extend to your value chain partners?	Yes. The Company's Code of Conduct largely imbibes the above-mentioned principles and the Company expects its stakeholders to adhere to the same									
Name the national and international codes/ certifications/ labels/ standards	Not Applicable									

### 5. Specific commitments, goals, targets set by the entity

1. Manufacturing of DAP in addition to Complex Fertilizer products
2. Augmentation of NPK production from 2.5 Lac MT to 5 Lac MT
3. Trading of all types of finished Fertilizers products (5 Lac MT)
4. Installation of P2O5 Plant for Captive utilization
5. Conversion of Grey Ammonia initially to Blue Ammonia then to Green Ammonia
6. Migration from Solid Urea to Liquid Urea.
7. Installation of Captive Power Plant of 20 MW with RLNG as Feed for eliminating fuel oil base steam boiler.



**6. Performance of the entity against specific commitments, goals and targets**

The Company has been taking effective steps in achieving the targets set

**Governance, leadership and oversight**

**7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements**

The Company's key objective is to increase production of High Quality Fertilizers across the country. Also the Company is increasing its due diligence on environmental and social risks and discourages wasteful usage of natural resources. . There is a recognition of the medium to long-term benefits that accrue from renewables and the Company endeavours to reduce its carbon footprint.

8	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Chairman & Managing Director (CMD)
9	Does the entity have a specified committee of the board/ director responsible for decision making on sustainability related issues?	Yes. The directors and senior management of the Company monitor various aspects of social, environmental, governance and economic responsibilities of the Company on a continuous basis. The Company's business responsibility performance is reviewed by the Board of Directors on an annual basis.  The BR performance of the Company is assessed by the following committees of the board:  (i) The Audit Committee; (ii) The Corporate Social Responsibility Committee; (iii) The Stakeholders Relationship Committee.

**10. Details of Review of the National Guidelines on Responsible Business Conduct (NGRBC)**

Subject for Review	Review of principles undertaken by frequency
Performance against above policies and follow up action	As a practice, BR policies of the Company are planned to be reviewed periodically or on a need basis.
Compliance with statutory requirements of relevance to the principles and rectification of any non-compliances	The Company is in compliance with the extant regulations as applicable.

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/ No). If yes, provide name of the agency.

Yes, The processes and compliances, is subject to scrutiny by internal auditors and regulatory compliances, as applicable.

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

NA



**SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE**

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

**PRINCIPLE – 1**

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

**Essential Indicators**

Segment	Total number of training and awareness programmes held	Topics/Principles covered under the training and impact	%age of persons in respective category covered by the awareness programs
Board of Directors	2	Online Orientation for Directors of Listed Companies Capacity Building Program for Non Official Independent Directors of CPSEs	11
Key Managerial Personnel	0	NA	NA
Employees other than BoD and KMPs	20	Preventive Vigilance, Company Policies and Procedures, Best Practices of marketing, Pre Retirement Planning, Basic Tender Concepts	47.3
Workers	1	Preventing Sexual Harassment of Women	0.6

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity’s website):

**MADRAS FERTILIZERS LIMITED**

<b>Monetary</b>				
	Name of the regulatory/enforcement agencies/judicial institutions	Amount (in INR)	Brief of the case	Has an appeal been preferred? (Yes/No)
Penalty/Fine	National Stock Exchange	0.89 Crs	Constitution of Board as per LODR	No
Settlement	NA	NA	NA	NA
Compounding fee	NA	NA	NA	NA
<b>Non-Monetary</b>				
	Name of the regulatory/enforcement agencies/judicial institutions	Amount (in INR)	Brief of the case	Has an appeal been preferred? (Yes/No)
Imprisonment	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/enforcement agencies/judicial institutions
Nil	Nil

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, we have Anti-Corruption or Anti-Bribery Policy and the same is available in [www.madrasfert.co.in](http://www.madrasfert.co.in)

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	<b>FY 2021-22</b>	<b>FY 2020-21</b>
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil



6. Details of complaints with regard to conflict of interest:

	FY 2021-22		FY 2020-21	
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	NA	Nil	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	NA	Nil	NA

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

NA

**LEADERSHIP INDICATORS**

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics/Principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
Others	Nil	Nil

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

NA

**PRINCIPLE - 2**

Businesses should provide goods and services in a manner that is sustainable and safe

**Essential Indicators**

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and process to total R&D and capex investments made by the entity, respectively.

	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
R&D	Nil	Nil	-
Capex	2.96%	1.96%	Environmental Friendly Fuel, Stack Emission will be lesser



2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)  
b. If yes, what percentage of inputs were sourced sustainably? NA
3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.  
Covered in the Report.
4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

**Leadership Indicators**

1. Has the entity conducted Life Cycle perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product/ Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective/ Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
Nil					

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same

Name of Product / Service	Description of the risk / concern	Action Taken
Nil		

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2021-22	FY 2020-21
Nil	-	-



**MADRAS FERTILIZERS LIMITED**

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Re-used	Recycled	Safely Disposed	Re-used	Recycled	Safely Disposed
Plastics (Including packaging)	Nil	Nil	Nil	Nil	Nil	Nil
E-waste	Nil	Nil	Nil	Nil	Nil	Nil
Hazardous waste	Nil	Nil	13.5MT	Nil	Nil	148.43MT
Other waste	Nil	Nil	Nil	Nil	Nil	Nil

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Nil	Nil

**PRINCIPLE - 3**

Businesses should respect and promote the well-being of all employees, including those in their value chains

**Essential Indicators**

1. a. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		% Covered		% Covered		% Covered		% Covered		Number (F)	% (F / A)
<b>Permanent employees</b>											
Male		100		100		NA		100		NA	
Female						100		NA			
Total											
<b>Other than Permanent employees</b>											
Male	2207	2207	98.05	2207	98.05	0	0.00	10	0.44	2207	98.05
Female	44	44	1.95	44	1.95	10	10.00	0	0.00	44	1.95
Total	2251	2251	100	2251	100	10	10.00	10	0.44	2251	100





**2. Details of retirement benefits, for Current FY and Previous Financial Year.**

Benefits	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total Worker	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employee	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	100	Y	100	100	Y
Gratuity	100	-	NA	100	-	NA
ESI	-	100	Y	-	100	Y
Others – Please specify	-	-	N	-	-	NA

**3. Accessibility of workplaces**

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes. Various offices of the Company, including the registered and corporate offices have ramps for easy movement of differently abled people.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes. The Company operates with the policy of inclusive work culture and an environment free from any discrimination.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees	
	Return to work rate	Retention rate
Male	100%	100%
Female	100%	100%
Total	100%	100%

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes / No (If yes, then give details of the mechanism in brief)
Permanent Workers	Yes Internal Grievance Committee Sexual Harassment Committee
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	



## MADRAS FERTILIZERS LIMITED

### 7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Total employees/workers in respective category (A)	No. of employees/workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/workers in respective category (C)	No. of employees/workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	-	-	-	-	-	-
-- Male	293	179	61%	314	183	58%
- Female	30	9	30%	33	9	30%
Total Permanent workers	Total Permanent workers	Total Permanent workers	Total Permanent workers	Total Permanent workers	Total Permanent workers	Total Permanent workers
-- Male	293	179	472	314	183	497
- Female	30	9	39	33	9	42

### 8. Details of training given to employees and workers :

Category	FY 2021-22 Current Financial Year					FY 2020-21 Previous Financial Year				
	Total (A)	On Health and safety measures		On Skill gradation		Total (D)	On Health and safety asures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
<b>Employees</b>										
Male	247	6	2	241	98	115	13	11	102	89
Female	25	0	0	25	100	20	0	0	20	100
<b>Total</b>	<b>272</b>	<b>6</b>	<b>2</b>	<b>266</b>	<b>98</b>	<b>135</b>	<b>13</b>	<b>10</b>	<b>122</b>	<b>90</b>
<b>Workers</b>										
Male	0	0	0	0	0	4	0	0	4	100
Female	8	0	0	8	100	9	0	0	9	100
<b>Total</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>100</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>100</b>



## MADRAS FERTILIZERS LIMITED

### 9. Details of performance and career development reviews of employees and worker:

Category	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
<b>Employees</b>						
Male	Nil	Nil	Nil	Nil	Nil	Nil
Female	Nil	Nil	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	Nil	Nil	Nil
<b>Workers</b>						
Male	Nil	Nil	Nil	Nil	Nil	Nil
Female	Nil	Nil	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	Nil	Nil	Nil

### 10. Health and safety management systems:

- a. Whether an occupational health and safety management system has been implemented by the entity? (yes / No.). If yes, the coverage such systems?

Yes. The Company has a policy on health and safety for its employees. Periodic internal communication and alerts are sent out to employees and awareness sessions are conducted on safety related aspects. Employees are given periodic training on basic and advanced fire safety, including evacuation drills

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Yes. 1) Ammonia Sensor fixed at 11 locations in MFL premises to alert any emission; 2) Boiler Stakes and Prill Tower emissions are being monitored regularly and the data being shared to TNPCB/CPCB through online data sharing. 3) Continuous Ambient Air Quality monitoring devices installed at 5 locations and data being shared to TNPCB/CPCB.

- c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)

The Company has necessary protocols and systems in place to ensure employees' safety is not compromised at the workplace and intimation of symptoms/infections by employees/their family is done.

- d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes / No) Yes



11. Details of safety related incidents, in the following format

<b>Safety Incident/Number</b>	<b>Category</b>	<b>FY 2021-22 Current Financial Year</b>	<b>FY 2020-21 Previous Financial Year</b>
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	Nil	Nil
	Workers	Nil	Nil
Total recordable work-related injuries	Employees	Nil	Nil
	Workers	Nil	Nil
No. of fatalities	Employees	Nil	Nil
	Workers	Nil	Nil
High consequence work-related injury or ill-health (excluding fatalities)	Employees	Nil	Nil
	Workers	Nil	Nil

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

The Company emphasises on the importance of maintaining a safe and healthy workplace for all employees and third-party employees who work on its premises. The Company assesses the health, safety and environmental performance across all its offices. Certain employees are given training on fire safety and evacuation drills. Fire drills and audits are conducted in the office premises to ensure maintenance of safety standards.

13. Number of Complaints on the following made by employees and workers:

	<b>FY 2021-22 (Current Financial Year)</b>			<b>FY 2020-21 (Previous Financial Year)</b>		
	<b>Filed during the year</b>	<b>Pending resolution at the end of year</b>	<b>Remarks</b>	<b>Filed during the year</b>	<b>Pending resolution at the end of year</b>	<b>Remarks</b>
Working Conditions	NIL	NIL	-	NIL	NIL	-
Health & Safety	NIL	NIL	-	NIL	NIL	-

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%(Frequent Visit by Joint Director of DISH)
Working Conditions	100%( On site mock drill conducted at regular intervals in presence of Joint director of DISH)

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

1. Safety Audit Done
2. Hazop Study Done



**Leadership Indicators**

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company ensures that statutory dues as applicable to the transactions within the remit of the Company are deducted and deposited in accordance with extant regulations. This activity is also reviewed as part of the internal and statutory audit

3. Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees / workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
Employees	Nil	Nil	Nil	Nil
Workers	Nil	Nil	Nil	Nil

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

NA

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	The Company expects all its value chain partners to follow extant regulations, including health and safety practices and working conditions.
Working Conditions	

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

NA



**PRINCIPLE – 4**

**Businesses should respect the interests of and be responsive to all its stakeholders**

**Essential Indicators**

- Describe the processes for identifying key stakeholder groups of the entity.  
Any individual or group of individuals or institution that adds value to the business chain of the Company is identified as a core stakeholder and this inter alia includes employees, shareholders and investors, customers etc
- List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stake-holder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), other	Frequency of engagement (Annually/Half yearly/Quarterly/others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholders/ Investors	No	Email, SMS, newspaper advertisement, notice board, website, Annual General Meetings, intimation to stock exchanges, annual/ quarterly financials and investor meetings/ conferences	Annually	To stay abreast of developments in the Company
Customers	No	Multiple channels – physical and digital	Frequent and need based	Helps to increase reach and enhance business
Employees	No	Direct & other communication mechanisms	Regular	To stay abreast of developments in the Company and for day to day operations

**Leadership Indicators**

- Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.  
The Company has always maintained that a constant and proactive engagement with our key stakeholders enables the Company to better communicate its strategies and performance. A continuous engagement helps align expectations, thereby enabling the Company to better serve its stakeholders.
- Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.  
It is still in a 'learning phase' on various evolving aspects of ESG and hence stakeholder interactions are important.
- Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.  
Nil



**PRINCIPLE - 5**

**Business should respect and promote human rights**

**Essential Indicators**

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
<b>Employees</b>						
Permanent	Nil	Nil	Nil	Nil	Nil	Nil
Other than permanent	Nil	Nil	Nil	Nil	Nil	Nil
Total Employees	Nil	Nil	Nil	Nil	Nil	Nil
<b>Workers</b>						
Permanent	Nil	Nil	Nil	Nil	Nil	Nil
Other than permanent	Nil	Nil	Nil	Nil	Nil	Nil
Total Employees	Nil	Nil	Nil	Nil	Nil	Nil

2. Details of minimum wages paid to employees and workers in the following format:

Category	FY 2021-22 Current Financial Year					FY 2020-21 Previous Financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
<b>Employees</b>										
Permanent	-	-	-	-	-	-	-	-	-	-
<b>Male</b>	-	-	-	-	-	-	-	-	-	-
<b>Female</b>	-	-	-	-	-	-	-	-	-	-
Other than Permanent	-	-	-	-	-	-	-	-	-	-
<b>Male</b>	-	-	-	-	-	-	-	-	-	-
<b>Female</b>	-	-	-	-	-	-	-	-	-	-



**MADRAS FERTILIZERS LIMITED**

Workers										
Permanent	-	-	-	-	-	-	-	-	-	-
<b>Male</b>	-	-	-	-	-	-	-	-	-	-
<b>Female</b>	-	-	-	-	-	-	-	-	-	-
Other than										
Permanent	2251	1789545	100	-	-	2235	1736595	100	-	-
<b>Male</b>	2207	1754565	98.045	-	-	2185	1697745	97.763	-	-
<b>Female</b>	44	34980	1.95	-	-	50	38850	2.24	-	-

3. Details of remuneration / salary / wages in the following format

	Male		Female	
	Number	Median remuneration / salary / wages of respective category (Rs in lacs)	Number	Median remuneration / salary / wages of respective category (Rs in lacs)
Board of Directors (BoD)	2	45	0	NIL
Key Managerial Personnel	1*	24	0	-
Employees other than BoD and KMP	287	22.22	31	22.29
Workers	178	16.86	9	14.00

(\* 1 KMP upto 13th September 2021)

4. Do you have a focal point (Individual / Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business (Yes / No)

Yes

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company regards respect for human rights as one of its fundamental and core values and strives to support, protect and promote human rights to ensure that fair and ethical business and employment practices are followed. The Company is committed to maintain a safe and harmonious business environment and workplace for everyone, irrespective of the ethnicity, region, sexual orientation, race, caste, gender, religion, disability, work, designation and such other parameters.





6. Number of Complaints on the following made by employees and workers:

	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	Nil	Nil	Nil	Nil	Nil	Nil
Discrimination at workplace	Nil	Nil	Nil	Nil	Nil	Nil
Child Labour	Nil	Nil	Nil	Nil	Nil	Nil
Forced Labour / Involuntary Labour	Nil	Nil	Nil	Nil	Nil	Nil
Wages	Nil	Nil	Nil	Nil	Nil	Nil
Other human rights related Issues	Nil	Nil	Nil	Nil	Nil	Nil

7. Mechanism to prevent adverse consequences to the complainant in discrimination and harassment cases.

The Company is committed to providing equal opportunities to all individuals and is intolerant towards discrimination and / or harassment based on race, sex, nationality, ethnicity, origin, religion, age, disability, sexual orientation, gender identification and expression (including transgender identity), political opinion, medical condition, language as protected by applicable laws.

8. Do human rights requirements form part of your business agreements and contracts? (Yes / No)

Yes, wherever, applicable

9. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100% by statutory authorities and third party.
Forced / Involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

Nil



**Leadership Indicators**

1. Details of a business process being modified / introduced as a result of addressing human rights grievances / complaints.  
No deviation in the business process.
2. Details of the scope and coverage of any human rights due-diligence conducted.  
100% by the Statutory authorities and third parties by correcting all employees.
3. Is the premise / office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?  
Yes
4. Details on assessment of value chain partners:

	<b>% of value chain partners (by value of business done with such partners) that were assessed</b>
Sexual harassment	No specific assessment in respect of value chain partners has been carried out other than certain covenants where some of these parameters are being monitored closely in certain lending arrangements.
Discrimination at workplace	
Child labour	
Forced Labour / Involuntary Labour	
Wages	
Others – please specify	

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.  
NA

**PRINCIPLE 6**

**Businesses should respect and make efforts to protect and restore the environment**

**Essential Indicators**

1. Details of total energy consumption (in Joules or multiples) and energy intensity in the following format:

<b>Parameter</b>	<b>FY 2021-22 (Current Financial Year)</b>	<b>FY 2020-21 (Previous Financial Year)</b>
Total electricity consumption (A) Gcal/MT	0.00177	0.00177
Total fuel consumption (B)		
Gcal/MT	2.0807	2.2202
Energy consumption through other sources (C)Gcal/MT	4.6714	4.7957
Total energy consumption (A+B+C) Gcal/MT	6.75387	7.0167
Energy intensity per rupee of turnover		
(total energy consumption / turnover in rupees)	0.00016	0.00024
Energy intensity (Optional) – the relevant metric may be selected by the entity		

Note: Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y/N)  
If yes, name of the external agency.



2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

NA

3. Provide details of the following disclosures related to water in the following format:

Parameter	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
Water withdrawal by source (in Kilolitres)		
(i) Surface water	Nil	Nil
(ii) Ground water	Nil	Nil
(iii) Third party water (Sent to MPL)	4949175	4312415
(iv) Sea water / desalinated water	Nil	Nil
(v) Others	Nil	Nil
Total Volume of water withdrawal (in Kilolitres) (i + ii + iii+ iv + v)	4949175	4312415
Water intensity per rupee of turnover (Water consumed / turnover)	0.00021	0.00028
Water intensity (optional) – the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

In our Company, we have the following Effluent Treatment Plants for treating the Effluents generated in the Plants.

**1. COOLING WATER BLOWDOWN TREATMENT PLANT (Cap. 3840 KLPD)**

We use UF membrane technology to remove salts and reduce TDS. The outlet from this plant is fed into RO membranes ( B stream) for further reduction of Chlorides and other salts. The permeate from this plant is directly fed into the CW system.

**2. COMMON EFFLUENT TREATMENT PLANT (Cap. 480 KLPD)**

The Sanitary overflow and Effluents from both Staff and Labour Canteens are being treated in this plant. The BOD and the COD are reduced by Aeration method and the Clarifier Overflow after passing through DMF (Treated Water) are fed into the CW system.



## MADRAS FERTILIZERS LIMITED

5. Please provide details of air emissions (other than GHG emissions) by the entity in the following format:

### Utility Boiler

Parameter	Please specify unit	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
NOx	Mg / nm3	42	48
SOx	Mg / nm3	501	549
Particulate Matter (PM)	Mg / nm3	48	56

### 110ATA Boiler

Parameter	Please specify unit	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
NOx	Mg / nm3	38	42
SOx	Mg / nm3	BDL	BDL
Particulate Matter (PM)	Mg / nm3	39	42

### PC-Boiler

Parameter	Please specify unit	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
NOx	Mg / nm3	64	78
SOx	Mg / nm3	BDL	BDL
Particulate Matter (PM)	Mg / nm3	33	38

### Urea Prill Tower Demister

Parameter	Please specify unit	FY 2021-22	FY2020-21
NOx	mg/Nm3	NA	NA
SOx	mg/Nm3	NA	NA
Particulate matter (PM)	mg/Nm3	5	7
Persistent organic pollutants (POP)		NA	NA
Volatile organic compounds (VOC)		NA	NA
Hazardous air pollutants (HAP)		NA	NA
Others – NH3		70	79

**NPK-C Train**

Parameter	Please specify unit	FY 2021-22	FY2020-21
NOx	mg/Nm3	NA	NA
SOx	mg/Nm3	NA	NA
Particulate matter (PM)	mg/Nm3	9	-
Persistent organic pollutants(POP)		NA	NA
Volatile organic compounds(VOC)		NA	NA
Hazardous air pollutants(HAP)		NA	NA
Others – NH3	mg/Nm3	19	-
Others – F	mg/Nm3	0.18	-

**All these analysis were carried out by TNPCB**

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity in the following format:

Parameter	Unit	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	110 ATA, PCB, Utility boiler & Reformer 3.26 Lakhs MT	110 ATA, PCB, Utility boiler & Reformer 3.65 Lakhs MT
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	-	-
Total Scope 1 and Scope 2 emission intensity (optional) - the relevant metric may be selected by the entity		0.0000144	0.000237
Total Scope 1 and Scope 2 emission intensity (optional) - the relevant metric may be selected by the entity		-	-



## MADRAS FERTILIZERS LIMITED

7. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

Yes, Project for expansion of green belt area is in progress and the trees saplings are planted near to the north – west compound wall to reduce the Green House Gas emission.

We have planned to develop the green belt in our lagoon for an area of 5 acres. Further increase of green belt will be done in a phased manner upon achieving the desired result.

8. Provide details related to waste management by the entity in the following format :

Parameter	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic Waste (A)	Nil	Nil
E-Waste (B)	Recycled	Recycled
Bio-medical waste (C)	Nil	Nil
Construction and demolition waste (D)	Reused for Land Filling	Reused for Land Filling
Battery waste (E)	Nil	Nil
Radioactive waste (F)	Nil	Nil
Other Hazardous waste. Please specify, if any (G)		
i. Spent Catalyst	3.5MT	105.17 MT
ii. Used Oil	Nil	40.26MT
iii. Residue containing Oil	10MT	3MT
iv. Chemical Drum	1000 no:s	769 no:s
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	Nil	Nil
<b>Total (A+B+C+D+E+F+G+H)</b>	<b>13.5 MT</b>	<b>148.43 MT</b>
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	Nil	Nil
(ii) Re-used	Nil	Nil
(iii) Other recovery Operations	Nil	Ni
Total	Nil	Nil
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	Nil	Nil
(i) Landfilling	Nil	Nil
(iii) Other disposal Operations	Nil	Nil
(iii) Other disposal Operations	Nil	Nil



## MADRAS FERTILIZERS LIMITED

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes

Method of Disposal	a	Shredding and selling - Used paper & useless wood scrap.
	b	Sale by auction: - Metal scraps, damaged equipment parts, usable wood and spent catalysts.
	c	Composting:- Wet garbage from canteens
	d	Spent catalyst are generated during annual turnaround (once in 24 to 60 months depending on the need for replacement of catalyst) and spent oil are carefully stored in closed drums and sold thru Pollution Control Board authorized vendors having valid authorization from both SPCB and MOEF. Wastes / residues containing Oil & discarded containers /Barrels / liners contaminated with HW chemicals are also sold through in the same.

10. If the entity has operations / offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones, etc.) where environmental approvals / clearances are required, please specify the details in the following format.

S.No.	Location of operations / offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
CTO for TTP and PAT obtained Obtaining CTO for main plant is in progress			

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain	Relevant Web link
NA					

12. Is the entity compliant with the applicable environmental law / regulations / guidelines in India such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and Rules thereunder (Y/N). If not, provide details of all such non-compliances in the following format.

S.No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts
1	CTO-Water Act	Complied	No
2	CTO-Air Act	Complied	No

**Leadership Indicators**

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources in the following format :

Paramete	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
<b>From renewable sources</b>		
Total electricity consumption (A)	Nil	Nil
Total fuel consumption (B)	Nil	Nil
Energy consumption through other sources (C)	Nil	Nil
Total energy consumed from renewable sources (A+B+C)	Nil	Nil
<b>From non-renewable sources</b>		
Total electricity consumption (D)	109065276 KWH / Year 216.442 KWH/MT	104511126 KWH / Year 217.340 KWH/MT
Total fuel consumption (E)	31668 MT / Year 0.06285 MT/MT	36946 MT / Year 0.0768 MT/MT
Energy consumption through other sources (F)	359.842 MMSCM / Year 0.00071 MMSCM/MT	345.91 MMSCM / Year 0.000719 MMSCM / MT
Total energy consumed from non-renewable sources (D+E+F)	7.3711 Gcal/MT	7.6377 Gcal/MT

Note: Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

2. Provide the following details related to water discharged:

Parameter	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) To Surface water	Nil	Nil
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(ii) To Ground water	Nil	Nil
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
To Sea water	Nil	Nil
- No treatment	Nil	Nil
- With treatment – please specify level of treatment		
Sent to third-parties	Nil	Nil





**MADRAS FERTILIZERS LIMITED**

-	No treatment	Nil	Nil
-	With treatment – please specify level of treatment		
(v)	Others	Nil	Nil
-	No treatment	Nil	Nil
-	With treatment – please specify level of treatment		
	Total water discharged (in kilolitres)	Nil	Nil

Note: Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres)

For each facility / plant located in areas of water stress, provide the following information:

- (i) Name of the area
- (ii) Nature of operations

(iii) Water withdrawal, consumption and discharge in the following format

Parameter		FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
<b>Water withdrawal by source (in kilolitres)</b>			
(i)	Surface water	Nil	Nil
(ii)	Ground water	Nil	Nil
(iii)	Third party water	Nil	Nil
(iv)	Sea water / desalinated water	Nil	Nil
(v)	Others	Nil	Nil
Total volume of water withdrawal (in kilolitres)		Nil	Nil
Total volume of water consumption (in kilolitres)		Nil	Nil
Water intensity per rupee of turnover (water consumed / turnover		Nil	Nil
<b>Water intensity (optional) – the relevant metric may be selected by the entity</b>		Nil	Nil
<b>Water discharge by destination and level of treatment (in kilolitres)</b>			
(i)	Into Surface water	Nil	Nil
-	No treatment	Nil	Nil
-	With treatment – please specify level of treatment		
(ii)	Into Ground water	Nil	Nil
-	No treatment	Nil	Nil
-	With treatment – please specify level of treatment		



**MADRAS FERTILIZERS LIMITED**

(iii)	Into Sea water	Nil	Nil
-	No treatment	Nil	Nil
-	With treatment – please specify level of treatment		
(iv)	Sent to third-parties	Nil	-
-	No treatment	Nil	Nil
-	With treatment – please specify level of treatment		
(v)	Others	Nil	Nil
-	No treatment	Nil	
-	With treatment – please specify level of treatment	-	Nil
Total water discharged (in kilolitres)		-	-

Note: Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y/N)  
If yes, name of the external agency.

4. Please provide details of total Scope 3 emissions & its intensity in the following format:

Parameter	Unit	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
<b>Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)</b>	Metric tonnes of CO2 equivalent	Nil	Nil
<b>Total Scope 3 emissions per rupee of turnover</b>	-	Nil	Nil
<b>Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity</b>	-	Nil	Nil

Note: Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y/N)  
If yes, name of the external agency.

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities.

NA

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S.No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along with summary)	Outcome of the initiative
NA			



7. Does the entity have a business continuity and disaster management plan? Give details in 100 words / web-link.

The Manufacture, Storage and Import of Hazardous Chemicals (MSIHC) Rules, 1989 and the Chemical Accidents (Emergency Planning, Preparedness and Response) [CA (EPPR)] Rules, 1996 provide a statutory structure for controlling major hazards posed by hazardous chemicals. The rule 14(1) of MSIHC Rules requires the District Authorities to prepare an Off-site Emergency Plan.

It is a customary practice of industries to conduct Off-site Mock Drill as per MSIHC Rules, to ensure readiness and preparedness to handle any kind of emergency or disaster that may happen in an industrial area.

Prior to Off-site mock drill we conducted On-site mock drill on 16.06.2022 & 21.06.2022. Further off-site mock drill was conducted on 22.06.2022 under the able guidance of JD-DISH, Regional Deputy Commissioner (North), NDRF & District Crisis Group formed by Commissioner of Greater Chennai Corporation and including Manali Industries Association (MIA).

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

NA

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

NA

**PRINCIPLE 7**

**Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

**Essential Indicators**

1. A. Number of affiliations with trade and industry chambers / associations.

List the top 10 trade and industry chambers / associations (determined based on the total members of such body) for which the entity is a member of / affiliated to

S.No.	Name of the trade and industry chambers / associations	Reach of trade and industry chambers / associations (State / National)
1	Federation of Indian Chambers of Commerce and Industry	National
2	The Fertiliser Association of India	National
3	Institute of Directors	International
4	Employers Federation of Southern India	National
5	Indian Council of Fertilizer and Fertilizer Technology Research	National
6	RNZ-Indian Fertilizer Industry Directory	National
7	Standing Conference of Public Enterprises	National
8	Internal Fertilizer Association	International



## MADRAS FERTILIZERS LIMITED

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities

Name of authority	Brief of the case	Corrective action taken
NA		

### Leadership Indicators

1. Details of public policy positions advocated by the entity:

S.No.	Public Policy Advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes / No)	Frequency of Review by Board (Annually / Half yearly / Quarterly / Others – please specify)	Web Link, if available
Members of the senior management are associated with various bodies from time to time, including for the purpose of legislating regulations related to capital markets and corporate governance.					

### PRINCIPLE 8

Business should promote inclusive growth and equitable development

### Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year

Name and brief details of project	SIA Notification No.	Date of Notification	Whether conducted by Independent External Agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
NA					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity in the following format:

S.No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (in INR)
NA						

**MADRAS FERTILIZERS LIMITED**

3. Describe the mechanisms to receive and redress grievances of the community

The Company has various mechanisms to receive and redress grievances of various stakeholders

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	<b>FY 2021-22 Current Financial Year</b>	<b>FY 2020-21 Previous Financial Year</b>
Directly sourced from MSMEs / small producers	NA	
Sourced directly from within the district and neighbouring districts		

**Leadership Indicators**

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
NA	NA

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S.No.	State	Aspirational District	Amount spent (in INR)
1	Tamil Nadu	Chennai	48.86 lacs

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized / vulnerable groups? (Yes/No)

No

(b) From which marginalized / vulnerable groups do you procure? NA

(c) What percentage of total procurement (by value) does it constitute? NA

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge :

S.No.	Intellectual Property based on traditional knowledge	Owned / Acquired (Yes / No)	Benefit Shared (Yes / No)	Basis of calculating benefit share
NA				

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the case	Corrective action taken
NA		



6. Details of beneficiaries of CSR Projects:

Installation of Oxygen Plant at Chennai Stanley Hospital and Supply of Potable water through pipelines to neighbourhood areas of Harikrishnapuram village, Manali, Chennai and Covid 19 Relate activities in the neighbourhood areas.

**PRINCIPLE - 9**

**Businesses should engage with and provide value to their consumers in a responsible manner**

**Essential Indicators**

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Details of Toll free number, customer care email id and address of Grievance Redressal officer are printed on product bags MFL is producing and marketing across Southern Territory.

Company will get complaints through this kind of mechanism and all complaints received will be addressed suitably.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about :

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100
Safe and responsible usage	
Recycling and / or safe disposal	

3. Number of consumer complaints in respect of the following

	FY 2021-22 (Current Financial Year)		Remarks	FY 2020-21 (Previous Financial Year)		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	Nil	Nil	Nil	Nil	Nil	Nil
Advertising	Nil	Nil	Nil	Nil	Nil	Nil
Cyber-security	Nil	Nil	Nil	Nil	Nil	Nil
Delivery of essential services	Nil	Nil	Nil	Nil	Nil	Nil
Restrictive Trade Practices	Nil	Nil	Nil	Nil	Nil	Nil
Unfair Trade Practices	Nil	Nil	Nil	Nil	Nil	Nil
Other	Nil	Nil	Nil	Nil	Nil	Nil



4. Details of instances of product recalls on account of safety issues :

	Number	Reasons for recall
Voluntary recalls	NA	
Forced recalls		

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

CERT-In Empanelled agency viz:- GRM Technology Private Limited conducted the Information System and Security Audit and observed that security posture of the environment is Good. There is periodic monitoring of IT implemented solutions and the data center is built meeting requirement of TIA standard.

7. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

NA

**Leadership Indicators**

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

[www.madrasfert.co.in](http://www.madrasfert.co.in)

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Different types of programs were organized to educate the consumers about the usage of our products such as :

a) **Field Demonstration** : MFL conducts demonstrations to promote its products like Bio, City Compost and Organic in its territory

Demonstrating the quality, usage and benefits of products at field level by selecting a farmer's field in a particular village by performing live demonstrations

b) **Soil Samples** : Collecting samples by technical approach from farmers and educate them about various fertilizers applications and package of practices based on soil health card recommendation

c) **Farmer Contact Program** : MFL field officials contacting farmers on regular basis and explain about the cultivation practices by distributing handouts based on Agricultural situation & seasonal conditions

d) **Exhibitions**: MFL participates in exhibitions by arranging stalls and distributes Pamphlets to all farmers to promote the importance of our products.



## MADRAS FERTILIZERS LIMITED

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3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Company uses both physical and digital forum to inform consumers of any risk of disruption/discontinuation of essential services.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/ Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes. The information on the product are displayed on the packet.

5. Provide the following information relating to data breaches:

- a. Number of instances of data breaches along-with impact- NA
  - b. Percentage of data breaches involving personally identifiable information of customers- NA
- 

### ANNEXURE –V

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 the Board Members and Senior Management personnel affirmed compliance with the code for the financial year 2021-22.

Chennai  
July 18, 2022

Sd/-  
**U Saravanan**  
Chairman & Managing Director  
DIN : 07274628





**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31/03/2022**

*[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

We 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 our verification of the MADRAS FERTILIZERS LIMITED, books, papers, Minutes book, forms and Returns filed and secretarial and other records maintained by the company electronically and based on the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31/03/2022 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:

We 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 31/03/2022 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

The company has complied with the procedure laid under the Companies Act, 2013 except the comments marked elsewhere in the report:

- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- Foreign Exchange Management Act, 1999 and the rules and regulations made there under.

(ii) 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 Obligation and Disclosure Requirements) Regulations, 2015.



(iii) As informed to me the following other Laws specifically applicable to the Company as under

1. Factories Act, 1948
2. Industrial Dispute Act, 1947
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.
20. GST Act 2017

We have 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;

We further report that based on the compliance mechanism established by the Company, which has been verified on test checked basis and the Compliance Report submitted to and taken on record by the Board of Directors of the Company, further the compliance by the Company of applicable Taxation laws, like Direct & Indirect Tax laws, has not been reviewed in our Audit since the same have been subject to review by Statutory Financial Auditor and other designated professionals. We are of the opinion that the Company has complied with the following laws applicable specifically to the Company.

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 and Non Compliances.

- *Few Charges appearing on the Index of Charges are not actual live charges. The Company has not filed CHG 4 (towards Satisfaction of Charges) for a few Cases. However, it was clarified by the Company that it has been taking necessary action to remove the Charge ID from the Ministry website in respect of the cases for which charges have been created and were fully settled.*

Moreover there were fines imposed for the following Non Compliances made by the Company during this year also.



## MADRAS FERTILIZERS LIMITED

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- As per Notice issued by NSE dated 21st Feb 2022, regarding Non Compliance with Listing Regulations relating to Regulations 17(1), 17(2A), 18(1), 19(1)/19(2) 20 & 21 of SEBI LODR Regulations 2015 and levied a total Penalty of ₹ 13,52,280/-.
- As per Notice issued by NSE dated 12th November 2021 regarding Non Compliance with SEBI (LODR) Regulations, 2015 (Listing regulations) and or Reg 76 of SEBI (DP) Regulations 2018 (DP) for Non Compliances /delayed compliances, levied a fine of ₹.12,05,960/-

Note: After the appointment of Independent Directors on the Board of the Company by Department of Fertilizers, Government of India, the Company has been complying with SEBI Regulations except Regulation 17(1) effective February 10, 2022. The Company has been continuously requesting Department of Fertilizers to appoint the required number of Independent Directors on its Board so as to comply with all the applicable provisions of SEBI.

### **We further report that:**

The Composition of the Board of Directors during the period under review is not in accordance with the provisions of SEBI (LODR) Regulations.

In view of the above, NSE has levied penalty as referred above. Being a Government Company, it had been communicating the matter with the Department of Fertilizers, Government of India to appoint sufficient number of Independent Directors to comply with the SEBI (LODR) Regulations.

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 meaningful participation at the meeting.

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

We 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.

We 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.

Yours Faithfully  
For **V.Esaki & Associates**  
Company Secretaries

Sd/-  
**(V.Esaki)**  
Proprietor / Membership No: 30353  
UDIN:A030353D000551731

Place : Chennai  
Date : 01/07/2022



## MADRAS FERTILIZERS LIMITED

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### ANNEXURE -VI A

To,  
The Members,  
MADRAS FERTILIZERS LIMITED  
Manali  
Chennai – 600 068

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on the Secretarial Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for my opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Yours Faithfully  
For **V.Esaki & Associates**  
Company Secretaries

**Sd/-**  
**(V.Esaki)**  
**Proprietor / Membership No: 30353**  
UDIN: A030353D000551731

Place : Chennai  
Date : 01/07/2022



**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	M/s. Indian Oil Corporation Ltd
	Nature of relationship	At Arm's length price
b)	Nature of contracts/ arrangements/ transaction	Supplier of LNG & FO
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 Gas Sales Agreement dated 06.02.2019
f)	Amount paid as advances, if any	Nil
g)	Amount incurred during the year	₹ 1475 Cr.

Chennai  
July 18, 2022

Sd/-  
U Saravanan  
Chairman & Managing Director  
DIN : 07274628



**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.

2. Composition of CSR Committee :

The CSR Committee which was constituted on 23rd June 2021 in its 316th Meeting of Board of Directors and following are the attendance details.

S No.	Name of the Director	Designation	Number of CSRC Meeting held during the year	Number of Meetings of CSRC attended during the year
1.	Lal Sanglur	Chairperson	1	1
2.	U Saravanan	Member	1	1
3.	Harsh Malhotra	Member	1	1
4.	Babak Bagherpour	Member	1	1

The CSR Committee was reconstituted as per the Decision of the 320th Meeting of Board of Directors of Company held on 10th February 2022 and the present members of CSR Committee is as follows;

SI No	Name	Designation
1.	Dr.C R Jayanthi	Chairperson
2.	Shri K Gurumurthy	Member
3.	Shri U Saravanan	Member
4.	Shri Sanjay Vishnu Sethye	Member

3. The Composition of CSR committee & CSR Policy are disclosed on the website of the Company.
4. Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, is not applicable
5. Since the Average Net Profit of the Company as per Section 135 (5) of Companies Act 2013 is negative, the details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, need not be disclosed.
6. Average net profit of the Company for the : (81.37) Crs (Loss)  
last three financial years
7. (a) Two percent of average net profit of the Company as per Section 135(5) of the Act: Not Applicable since details in 6 is negative.  
(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NA  
(c) Amount required to be set off for the financial year, if any: NA  
(d) Total CSR obligation for the financial year (a+b-c): NA



**MADRAS FERTILIZERS LIMITED**

8. (a) CSR amount spent or unspent for the financial year:

Total Amount spent for the financial year in Rs.	Amount unspent in Rs.				
	Total Amount transferred to Unspent CSR Account as per Section 135 (6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135 (5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
41 Lacs	NA	NA	NA	NA	NA

(b) Details of CSR amount spent against ongoing projects for the financial year:

Sl. No	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the projec		Project Duration (in years)	Amount allocated for the project in fiscal 2022	Amount spent in the current financial year	Amount transferred to unspent CSR account for the project as per Section 135(6)	Mode of implementation – Direct (Yes / No)	Mode of implementation – Through implementing agency	
				State	District						Name	CSR registration Number
NA												

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

Sl. No	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Project Duration (in years)	Amount spent for the project	Mode of implementation – Direct (Yes / No)	Mode of implementation – Through implementing agency	
				State	District				Name	CSR registration Number
1	Oxygen Plant @ Government Stanley hospital	1	Yes	Tamil Nadu	Chennai	NA	0.31 Crs	Y	NA	NA
2.	Covid 19 Related Activities	1	Yes	Tamil Nadu	Chennai	NA	0.10 Crs	Y	NA	NA

(d) Amount spent in Administrative Overheads: -NA

(e) Amount spent on Impact Assessment, if applicable: NA

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): 0.41 Crs

(g) Excess amount for set off, if an

**MADRAS FERTILIZERS LIMITED**

SI No.	Particulars	Amount
(i)	2% of average net profit of the Company as per Section 135(5)	NA*
(ii)	Total amount spent for the financial year	41 Lacs
(iii)	Excess amount spent for the financial year [(ii)-(i)]	41 Lacs
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	NA
(v)	Amount available for set-off in succeeding financial years [(iii)-(iv)]	41 Lacs

\* See SI no: 6 above

9. (a) Details of Unspent CSR amount for the preceding three financial years:

SI No	Preceding financial year	Amount transferred to unspent CSR account under Section 135 (6)	Amount spent in the reporting financial year	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years
				Name of the fund	Amount	Date of Transfer	
NA							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

SI No	Project ID	Name of the Project	Financial year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent on the project in the reporting financial year	Cumulative amount spent at the end of reporting financial year	Status of the project – Completed / Ongoing
NA								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details)

(a) Date of creation or acquisition of the capital asset(s) : NA

(b) Amount of CSR spent for creation or acquisition of capital asset : NA

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc. : NA

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) : NA

11. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per Section 135(5) of the Act: NA

Details of CSR Expenditure for the financial year 2021-22 : As below

Total amount spent for the financial year : ₹ 48.86 lacs

Chennai  
July 18, 2022

**Sd/-**  
**U Saravanan**  
**Chairman & Managing Director**  
**DIN : 07274628**





**CERTIFICATION UNDER REGULATION 17(8) OF SEBI  
(LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

The Board of Directors  
Madras Fertilizers Limited  
Manali, Chennai 600 068

This is to certify that :

- a) We have reviewed the financial statements and the cash flow statement for the year ended 31.03.2022 and that to the best of our knowledge and belief,
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) 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.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) 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 Company 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.
- d) We have indicated to the Auditors and the Audit Committee:
- i) significant changes in internal control over financial reporting during the year;
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) 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  
May 19, 2022

**Sd/-**  
**U Saravanan**  
Chairman & Managing Director

**Sd/-**  
**Priya Ranjan Panda**  
General Manager(F&A) a/c



## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members,  
MADRAS FERTILIZERS LIMITED  
Manali  
Chennai – 600 068

We have examined the relevant Registers, Records, Forms, Returns and disclosures Received from the Directors of M/s. MADRAS FERTILIZERS LIMITED, having CIN L32201TN1966GOI005469, and having registered office at Manali Chennai – 600 068, produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sl No.	Name of Director	DIN	Date of appointment in Company
1	VENKATARAO NALABOTHU	00310724	05/11/2021
2	SANJAY SHETYE	01089380	31/12/2021
3	ULAGANATHAN SARAVANAN	07274628	31/08/2015
4	SIYA SHARAN	07401363	21/12/2018
5	MOHAMMAD BAGHER DAKHILI	07704367	18/02/2017
6	BABAK BAGHERPOUR	08341090	23/10/2018
7	HARSH MALHOTRA	08520873	22/07/2019
8	GURU MURTHY KYATHARI	08741900	29/09/2021
9	SAMIEH KOKABI	09066692	10/02/2021
10	JAYANTHI RAGUNATHAN CHAKRAVARTHI	09450350	28/12/2021

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company

**For V.Esaki & Associates**  
**Company Secretaries**

**Sd/-**  
**Name V.Esaki**  
**Membership No : 30353**

CP No : 11022  
UDIN : A030353D000553975

Place : Chennai  
Date : 01/07/2022



## **COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA**

- ❖ Madras Fertilizers Limited (MFL) has submitted its Financial Statements for the financial year 2021-22 vide its letter dated June 13, 2022 with the Comptroller and Auditor General of India (CAG).
- ❖ Subsequently, the officials of MFL are continuously following-up with the CAG for their comments under Section 143(6) (b) of the Companies Act, 2013.
- ❖ MFL is yet to receive the comments of the CAG on the Financial Statements of MFL till August 25, 2022.
- ❖ Keeping in view of the compliance of the relevant provisions of the Companies Act, 2013 in letter and spirit, MFL has to give a clear 21 days' Notice to its shareholders for calling the Annual General Meeting.
- ❖ Since the matter is beyond the control of MFL, the comments of the CAG on the Financial Statements will be circulated by MFL as and when it is received from the CAG.



## MADRAS FERTILIZERS LIMITED

### REPLIES TO THE COMMENTS OF THE STATUTORY AUDITORS IN THEIR INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MADRAS FERTILIZERS LIMITED FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2022

Ref.No	Comment/Remarks of the Statutory Auditors	Management Comments
<b>Qualified Opinion- Audit Report on Internal Financial Control over Financial Reporting (Annexure-C of the Independent Auditor's Report)</b>		
a.	The company's internal financial control over GST Input Tax Credit ailment, claim and reconciliation were not operating effectively which could materially affect the financial performance and also possible effects on the liquidity position of the company;	<p>The company is in the process of integration of statutory compliance function with financial accounts through a new ERP System for better control.</p> <p>In the meantime, the company has appointed an external consultant to reconcile between Company Books and e-Credit Ledger of GST Portal, filling the returns and other GST related aspects</p>
b.	The Company's internal control system for inventory-Stores and Spares with regard to receipts, issue for production, physical verification and identification of slow-moving and non-moving items were not operating effectively. These could potentially result in material misstatements in the Company's consumption, inventory and expense account balances;	<p>The company is in the process of integration of inventory management function with financial accounts through a new ERP System for better control.</p> <p>Physical verification of stores and spares are carried out by Internal Auditor of the Company on an "Ongoing basis" so as to complete the verification of all items over the period of one year.</p>
c.	Non- Integration of HO-OLIS (Corporate Accounts) and ROs OLIS (Marketing) and absence of periodical reconciliation between the two-accounting system may lead to material misstatements in the Company's Trade receivables (excl. Subsidy Receivable from Government) and consequential impact on the liquidity position;	<p>The company has reconciled the receivable balance reflected in HO OLIS and RO OLIS on a regular basis.</p> <p>Further, Company is in the process of installing a new ERP which will integrate RO transactions with HO on real time.</p>
<b>Adverse remarks in few areas of matters reporting under "Other Legal and Regulatory Requirements" Paragraph</b>		
iii.	<b>Non-Compliance of Composition of Board- SEBI Listing Obligation and Disclosure Requirements (LODR) Regulations, 2015:</b> The company is not having the required number of Independent Directors on its Board due to vacancy arising out of expiry of term from 6th June,2019 onwards. Consequently, the Audit Committee, the Stakeholders Relationship Committee and Nomination and Remuneration Committee do not comprise of adequate number of independent directors as required in the relevant regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. (Refer Note No. 30.36 to the Standalone Financial Statements)	<p>Being a Central Public Sector Undertaking, the powers of appointment of Directors are vested with Government of India. The management has no role in appointment.</p> <p>Further, the management is continuously writing letter to Dept. of Fertilizers (DoF) for early induction of the required number of directors.</p>



MADRAS FERTILIZERS LIMITED

Ref.No	Comment/Remarks of the Statutory Auditors	Management Comments
<b>Adverse remarks in few areas of matters reporting under “Part-I of Directions by C&amp;AG u/s 143(5) of the Companies Act,2013” (Annexure-A of the Independent Auditors’ Report)</b>		
Clause No.1	<p><b>Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated</b></p> <p>Yes. The company has a system in place to process all the accounting transactions through IT system. Transactions relating to ROs through RO-OLIS are not integrated with the corporate accounting module (ie.,OLIS), which requires an element of human intervention. Based on our audit procedures on test check basis, wherever accounting transactions arises outside the IT system, no instances of lack of integrity of the accounts along with the financial implications has been noted.</p> <p>Further, observed certain internal control weakness as given in point no.(b) &amp; (c) of Qualified Opinion to our report on ‘Internal Financial Controls over Financial Reporting’, which is annexed as Annexure-C to our Independent Auditors’ Report.</p>	<p>The company has reconciled the receivable balance reflected in HO OLIS and RO OLIS on a regular basis.</p> <p>Further, Company is in the process of installing a new ERP which will integrate RO transactions with HO on real time.</p>
<b>Adverse remarks in few areas of matters under “Companies Auditors Report Order,2020 (CARO 2020)” (Annexure-B of the Independent Auditors’ Report)</b>		
Clause No. i(b)	<p>Apart from Policy in Internal Audit Manual, the company has a practice of conducting physical verification of movable Property, Plant and Equipment in a phased manner by the management under a programme designed to cover all the movable Property, Plant and Equipment once in three years, which in our opinion is not reasonable, having regard to the size and the magnitude of the organization.</p> <p>During the year, the internal committee of the company has conducted physical verification of entire Property, Plant and Equipment and given a report confirming the categories of assets verified with no adverse comments. In the absence of the required working papers with which the process of verifications is carried out, we could not give any comments thereon. However, we have not come across any significant deficiencies in this regard;</p>	<p>The company has a practice of conducting physical verification of Movable Fixed Assets once in every three years.</p> <p>Currently, the company is in the process of amending/modifying the policy for conducting physical verification of entire Property, Plant and Equipment’s with suitable period of coverage and scope, with necessary approvals thereon.</p>



**MADRAS FERTILIZERS LIMITED**

Ref.No	Comment/Remarks of the Statutory Auditors	Management Comments												
Clause No. ii(a)	<p>Apart from Policy in Internal Audit Manual, Physical verification of inventories inside factory premises and at Chennai Port has been carried out by an independent surveyor at year end. For stores and spares, physical verification is carried out by the internal auditor of the company on an ongoing basis so as to complete the verification of all items over the period of one year. Regarding the stock lying at warehouses are taken as per certification given by the management and same were duly confirmed through the iFMS portal maintained by Dept. of Fertilizers.</p> <p>However, during the year the management has formed a technical committee for carrying out the physical verification of stores and spares.</p> <p>Based on documents and reports made available to us and considering the size of the organization, the physical verification conducted by the management and policies adopted thereon <b>are not reasonable and coverage of verification is inadequate</b>. However, we have not come across any significant deficiencies in this regard;</p>	<p>The company is in the process of amending/modifying the policy for conducting physical verification of Stores &amp; Spares with suitable period of coverage and scope, with necessary approvals thereon.</p>												
Clause No. vii(a)	<p>The company has generally been regular in depositing undisputed applicable statutory dues including provident fund, employees' state insurance, income-tax, sales tax, and service tax, duty of customs, duty of excise, GST, cess and any other statutory dues applicable to it with the appropriate authorities;</p> <p>There were no outstanding of aforesaid statutory dues as on March 31,2022 for a period of more than six months from the date they became payable except for the following :</p> <table border="1" data-bbox="269 1224 828 1466"> <thead> <tr> <th>Nature of Dues</th> <th>Amount (Rs.in Crores)</th> </tr> </thead> <tbody> <tr> <td>Entry Tax (Tamil Nadu)</td> <td>2.53</td> </tr> <tr> <td>Value Added Tax (Tamil Nadu)</td> <td>0.40</td> </tr> <tr> <td>Sales Tax under TNGST Act</td> <td>1.78</td> </tr> <tr> <td>Service Tax</td> <td>0.29</td> </tr> <tr> <td>Total</td> <td>5.00</td> </tr> </tbody> </table> <p>In respect of Tax deducted at source (TDS), department has raised a demand due to short-deduction and/or short payment of Rs.0.30 Crores, for which the company has to take necessary steps in rectifying the demand.</p> <p>Further, the company withheld an amount of Rs.1.31 crores from contractors' payments towards Provident Fund and Employee State Insurance of the employees employed by the contractors</p>	Nature of Dues	Amount (Rs.in Crores)	Entry Tax (Tamil Nadu)	2.53	Value Added Tax (Tamil Nadu)	0.40	Sales Tax under TNGST Act	1.78	Service Tax	0.29	Total	5.00	<p>In the respect of the items stated in the table, the company is reviewing the liability based on expert opinion and will discharge the liability or write back the liability in accordance with the applicable laws.</p> <p>The Company is in the process of rectifying the demand of Rs.0.30 Cr as reflecting in the TRACES website.</p> <p>The Company has withheld an amount of Rs 1.41 Cr from contractor's payments as per tender terms due to non- submission of relevant documents towards remittance of Provident Fund and Employee State Insurance contribution of the employees employed by them and created liability for the same in the books of accounts. The withheld amount will be released to the contractors upon submission of proof of payment towards Provident Fund and Employee State Insurance to protect the interest of the employees as the principal employer. The Company also following up with the service providers to settle Provident Fund and Employee State Insurance dues in time and produce proof of the same for early refund.</p>
Nature of Dues	Amount (Rs.in Crores)													
Entry Tax (Tamil Nadu)	2.53													
Value Added Tax (Tamil Nadu)	0.40													
Sales Tax under TNGST Act	1.78													
Service Tax	0.29													
Total	5.00													

**MADRAS FERTILIZERS LIMITED**

Ref.No	Comment/Remarks of the Statutory Auditors	Management Comments																													
Clause No. ix (a)	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 the following Government of India (GOI) Loans:	The Company has submitted a proposal for restructuring of the loans received from Government of India and the same is under active consideration. Upon approval, there will be no default in Government of India Loans.																													
	<table border="1"><thead><tr><th>Nature of borrowing</th><th>Amount of Default (Rs. in Crores)</th><th>Whether principal or interest</th><th>Period of Default</th></tr></thead><tbody><tr><td>Plan Loans</td><td>385.93</td><td rowspan="4">Principal</td><td rowspan="4">From FY 2004-05 to till the date</td></tr><tr><td>Non-Plan Loans</td><td>20.77</td></tr><tr><td>Revamp Loans</td><td>122.30</td></tr><tr><td><b>Total (A)</b></td><td><b>529.00</b></td></tr><tr><td>Plan Loans</td><td>568.90</td><td rowspan="4">Interest</td><td rowspan="4">From FY 2003-04 to till the date</td></tr><tr><td>Non-Plan Loans</td><td>37.99</td></tr><tr><td>Revamp Loans</td><td>159.52</td></tr><tr><td><b>Total (B)</b></td><td><b>766.40</b></td></tr><tr><td><b>Grand Total (A+B)</b></td><td><b>1,295.41</b></td><td></td><td></td></tr></tbody></table>		Nature of borrowing	Amount of Default (Rs. in Crores)	Whether principal or interest	Period of Default	Plan Loans	385.93	Principal	From FY 2004-05 to till the date	Non-Plan Loans	20.77	Revamp Loans	122.30	<b>Total (A)</b>	<b>529.00</b>	Plan Loans	568.90	Interest	From FY 2003-04 to till the date	Non-Plan Loans	37.99	Revamp Loans	159.52	<b>Total (B)</b>	<b>766.40</b>	<b>Grand Total (A+B)</b>	<b>1,295.41</b>			
	Nature of borrowing		Amount of Default (Rs. in Crores)	Whether principal or interest	Period of Default																										
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	Revamp Loans		159.52																												
<b>Total (B)</b>	<b>766.40</b>																														
<b>Grand Total (A+B)</b>	<b>1,295.41</b>																														
Clause No. xiv (a) & (b)	<p>a. In our opinion and based on our examination, the company does not have an adequate internal audit system commensurate with the size and nature of its business.</p> <p>b. We were unable to obtain, the internal audit reports for the year under audit on timely basis, hence the internal audit reports have not been entirely considered by us, in determining the nature, timing and extent of our audit procedures.</p>	<p>The company is revisiting the existing Internal Audit policy and enlarging the scope. The Scope of work is suitably modified covering all the areas, which are required to be reported with definite timelines.</p> <p>The Supervision over Internal Audit is proposed to be strengthened.</p>																													

**For Anand and Ponnappan**

Chartered Accounts

**Sd/-****(R. Ponnappan)**

M No.021695

Partner

FRN 000111S

Date : 20.07.2022

**For and on behalf of Board of Directors****Sd/-****Priya Ranjan Panda**

GM (F&amp;A) - A/c

**Sd/-****U Saravanan**

Chairman and Managing Director

DIN 07274628

Date : 08.08.2022



## INDEPENDENT AUDITORS' REPORT

To

The Members of Madras Fertilizers Limited  
Report on Audit of the Standalone Ind AS Financial  
Statements

### Opinion

We have audited the accompanying Standalone Ind AS financial statements of Madras Fertilizers Limited (referred to as the "Company") which comprises the Balance Sheet as at March 31,2022, the Statement of Profit and Loss (including other comprehensive income), Statement of Cash Flows and Statement of changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information, in the manner so required, and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("IND AS") and other accounting principles generally accepted in India, of the state of affairs of the company as at March 31,2022, the Profit including other comprehensive income, changes in equity and its cashflows for the year ended on that date.

Without modifying our opinion, we draw attention to the clause (ix)(a) of CARO,2020 (Annexure-B) of this report. This report replaces relevant clause in our earlier report issued on the standalone financial statements of the company on 19th May,2022.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements

section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matters:

#### 1. Provision for un-utilized GST Input Tax Credit:

Attention is drawn to the Note No.10 read with Note No.30.12 to the Standalone Financial Statements. The Company has initiated the GST Input Credit Reconciliation process by appointing an external consultant, in view of the qualification made by us in our audit report for the standalone financial statements for the year ended 31st March,2021. Pending process of reconciliation, as a prudent measure, the company has provided for the unutilised GST ITC amounting to Rs.46.56 Crores towards the difference between books of accounts and E-Credit Ledger as at 31st March,2022.

#### 2. Penal Interest on GOI Loans:

Attention is drawn to the Note No.30.1.C to the Standalone Financial Statements, wherein the company has requested Government of India to waive the interest accrued and penal interest on the GOI loans. However, as per the office memorandum, in case of the waiver of penal interest the company is under obligation to pay minimum penal interest @ 0.25% p.a., which will arise in the year of waiver.

Our opinion is not modified in respect of these matters.

### Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended March





31,2022. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

**1. Recognition / de-recognition and measurement of Subsidy income:**

*(Refer to Note No.1.G and 18 to the standalone financial statements)*

Subsidy income pertaining to the Urea and Complex Fertilizers (NPK) is recognised on the basis of the rates notified by the Department of Fertilisers from time to time in accordance with the New Price Scheme (NPS) and Nutrient Based Subsidy ('NBS') policy on the quantity of fertilisers sold by the Company.

Concessions in respect of urea, as notified under the New Pricing Scheme, is recognized when there is a reasonable assurance that the Company will comply with all necessary conditions attached to Subsidy with adjustments for escalation/de-escalation in the prices of inputs and other adjustments, as estimated by the management on every reporting date in accordance with the known policy parameters in this regard.

During the current year ended March 31,2022, the company has recognised subsidy income of Rs.1,961.91 Crores which constitute significant portion of its total revenue. The recognition and realisation of subsidy income depends on the rates and the period for which approval is issued by the GOI.

Considering significant estimates involved, as mentioned above, revenue and profit may undergo on account of change in such judgements and estimates, we consider this to be area of significance.

Our principal audit procedures in relation to subsidy income recognition include:

- We read the relevant notifications issued by the GOI and discussed with the management, to

understand the underlying matters and basis for management judgement and estimates including necessary changes made in estimates to address variations noted in past. Also ascertained the prevailing trade practice in the fertilisers industries;

- We have correlated the sales quantity considered for subsidy income with the actual sales made by the Company. Further, we have also agreed the quantities sold as per the Company books with the customer acknowledgements as per the iFMS portal of the Department of Fertilisers and tested the DBT claims made by the Company;
- Further, we reviewed the accuracy of the management estimate of urea concession price in accordance with relevant New Pricing Scheme and tested the escalation/de-escalation adjustments made;
- We have enquired from the Management and discussed with those charged with Governance, the appropriateness of the subsidy rates applied to recognise subsidy income;
- We assessed the disclosures in the standalone financial statements in this regard;

Based on the above procedures performed, the recognition of Subsidy Income is in accordance with applicable financial reporting framework and relevant notifications issued by the Department of Fertilizers, GOI and fairly presented in the standalone financial statements.

**2. Fair Value assessment of subsidy receivables from Government:**

*(Refer to Note No.8 read with Note No.30.24 to the standalone financial statements.)*

Government Subsidy Receivables forms a significant part of the Company's current assets, amounting to Rs.976.78 Crores as at March 31,2022.

Due to the materiality in the context of size of



the financial position of the company, the level of judgement and estimates required and its fair value assessment, we consider this to be as area of significance.

**Our audit procedure includes:**

- Review of subsidy receivable from Department of Fertilizer (i.e. Sovereign Authority) is backed by the approved claims generated from iFMS (Integrated Fertilizer Management System);
- Subsidy income recognised and remained outstanding over significant period are discussed /enquired with management based on follow-up with Department of Fertilizers, Government of India including basis of management judgement and realisation certainty thereof;
- We have relied on the management's assertion on the recoverability, due to non-availability of balance confirmations on record;

Based on the above procedures performed, the management's assessment of implications of government notifications / policies on recognition of subsidy revenue and the recoverability were considered to be reasonable.

**3. Change in Useful life of Plant and Machinery:**

*(Refer Note No.30.6 to the Standalone financial statements)*

As at March 31,2021, the company had a gross block (ie., deemed cost as per Ind AS) of Rs.234.37 Crores in Plant and machinery Excl. assets of Feedstock Conversion Project which constitutes 71.63% of the property, plant and equipment's (Refer Note No.2 read with Note No.30.6 to the Standalone financial statements)

In the current year, the company has reassessed the useful life of the plant and machinery by extending the life for further 10-15 years. Assessment of useful life of plant and machinery is an integrated and complex matter, which involves management judgement,

consideration of historical experiences, anticipated technological changes etc.,

Accordingly, the aforesaid matter is determined to be key audit matter.

Our audit procedures included and were not limited to the following:

- Evaluating the reasonableness of the assumptions considered by the management in estimation of useful life.
- Examining the useful economic lives assigned with reference to the company's historical experience, technical evaluation and our understanding of the future utilization of the assets by the company.
- Assessing whether the impact on account of the change has been appropriately recognised in the financial statements.
- Review of the disclosure made by the company in the financial statements in this regard.

Based on the above procedures performed, we conclude that the change of useful life made by the management are in accordance with applicable financial reporting framework and fairly presented in the standalone financial statements.

**Information Other than the Standalone Financial Statements and Auditor's Report Thereon:**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report and Management Discussion and Analysis, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other



information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### **Responsibility of Management 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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 statement that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the Standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

#### **Auditor's Responsibility for the Audit of the Standalone Financial Statements:**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- a. Identify and assess the risks of material misstatements of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether company has adequate internal financial controls system in place and the operating effectiveness of such controls;
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;



- d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- e. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality at Rs.17.50 crores and qualitative factors as in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matters:**

1. We have expressed a qualified opinion for the standalone financial statements of the company for the year ended 31st March, 2021, on non-reconciliation of the balance of Input Tax Credit ("ITC") available in the books of accounts as compared to the balance reflected in the Electronic Credit Ledger maintained in GST portal. The qualification was continued in our limited review reports issued for the quarterly results of this financial year. Pending reconciliation of the balances, as a prudential measure, the company has made a provision of Rs.46.56 Crores for unutilised ITC balance as compared with books of accounts and e-credit ledger as at 31st March, 2022. Accordingly, our qualification on this matter stands withdrawn.
2. For the year ended 31st March, 2022, we have received the confirmations of balances from Trade receivables (excl. Subsidy receivable from Government) and Advance from customers. Further, the company has also initiated in obtaining balance confirmations from the Trade payables. In view of the above, the qualification made in respect of the confirmation of balances, in the standalone financial statements for the year ended 31st March, 2021 and limited review report for quarterly results for the year 31st March, 2022 stands withdrawn.
3. The company has eleven (11) Marketing Offices (ie., named as regional offices (RO's) across India, wherein all the dealers and sales related matters are



being undertaken. As a part of our audit, we have visited and reviewed the operations of two (2) of the RO's and the operations of the RO's are satisfactory in nature.

4. At the conclusion of 54th Annual General Meeting of the company held through virtual mode on December 29,2020, the company has distributed SBI gift cards worth of Rs.2000 each in lieu of sweet boxes to all the minority shareholders, who have attended the meeting. The same is prohibited as per clause 14 of Secretarial Standard-2 read with Sec.118(1) of the Companies Act, 2013. The company has made an representation to the show cause notice against the company and its officers issued by the Ministry of Corporate Affairs (MCA), which is still pending.
5. During the audit, we observed that most of charges already satisfied are still appearing in the records of 'Index of charges' under Ministry of Corporate Affairs (MCA) portal. The company has to take appropriate measures in order to clear the charges which are not live as on the date.
6. Physical verification of inventories is one of our audit procedures in accordance with SA- 501. However, we have considered and relied on the committee report given by the management on the physical verification of stores and spares, to the extent possible and Surveyor's report for finished goods, work-in progress, raw materials and packing materials. Regarding the stock lying in warehouses, we relied on the management certificate and the same were duly confirmed through the iFMS portal maintained by the Dept. of Fertilizers.
7. The NPK Train A and B are not in operation since 2005 whose Gross block is Rs.29.19 Crores and carrying value as on 31st March,2021 is Rs.2.22 Crores. During the previous year, the management has derecognised the assets from Property, Plant and Equipment's (PPE) and classified under "Capital Work-in-progress" (CWIP) at its carrying value, as no future economic benefits flow to the company

until refurbishment is undertaken as proposed by the management.

The Comptroller and Auditor General of India (C&AG) has issued a comment under Sec.143(6)(a) of the Companies Act,2013, on said de-recognition and classification.

During the year, the company has formed a technical committee to assess the useful life of the Ammonia Plant, Urea Plant, NPK Plant and its related machineries. Based on the assessment, the committee concluded that the NPK A&B trains do not have any future viability to operate. Accordingly, the Technical Committees has recommended to Board to derecognise the assets forming part said plant.

The Board has approved the derecognition of NPK A&B train and its related assets. Accordingly, the company has derecognised the amount of Rs.2.22 Crores and charged off to the statement of profit and loss account for the year ended 31st March,2022.

8. The company makes provident fund contribution to the trust set up by the company under the name and style "MFL Employees Contributory Provident Fund Trust". As per part of our audit, we have examined the accounts of the trust for the FY 2020-21, wherein the trust has declared interest @ 11.50%, which is more than that the EPFO declared rate of interest (i.e., 8.50%). Accordingly, the trust has incurred a loss of Rs.1.26 crores for the year ended 31st March,2021, which lead to erosion of accumulated reserves of the trust.

Further, the investment portfolio of the trust contains investments in DHFL & SREI Infrastructure amounting to Rs.2.50 Cr and Rs.2.00 Cr respectively, which are under the Corporate Insolvency Resolution Process (CIRP) under IBC,2016, and no provision is made in the accounts of Provident Fund Trust for the diminution in the value of investments.

Our opinion is not modified in respect of these matters.



**Report on Other Legal and Regulatory Requirements:**

1. As required under the directions and sub-directions issued by the Comptroller and Auditor General of India in terms of Sub-section (5) of Section 143 of the Companies Act 2013, we are enclosing our report in “**Annexure A**”.
2. As required by the Companies (Auditor’s Report) Order, 2020 (“the Order”) as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable our report thereon is enclosed as “**Annexure B**”.
3. **Non-Compliance of Composition of Board- SEBI Listing Obligation and Disclosure Requirements (LODR) Regulations, 2015** : The company is not having the required number of Independent Directors on its Board due to vacancy arising out of expiry of term from 6th June,2019 onwards. Consequently, the Audit Committee, the Stakeholders Relationship Committee and Nomination and Remuneration Committee do not comprise of adequate number of independent directors as required in the relevant regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. (Refer Note No. 30.36 to the Standalone Financial Statements)
4. 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 books and proper adequate returns have been received from all the regional offices of the company;
  - c. The Company’s Balance Sheet, the Statement of Profit and Loss (incl. Other Comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this report are in agreement with the books of accounts;
  - d. In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with The Companies (Indian Accounting Standards) Rules, 2015, as amended thereon.
  - e. The provisions of Section 164(2) of the Act in respect of disqualification of directors are not applicable to the Company, being a Government Company in terms of notification no. G.S.R.463 (E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, Government of India;
  - 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 C**”. Our report expresses a **Qualified opinion** on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting;
  - g. With respect to the other matters to be included in the Auditors’ Report in accordance with the requirements of section 197(16) of the Act, as amended:

The provisions of Section 197 read with Schedule V of the Act, relating to managerial remuneration are not applicable to the Company, being a Government Company, in terms of Ministry of Corporate Affairs Notification no. G.S.R. 463 (E) dated 5th June, 2015;
  - h. 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:



## MADRAS FERTILIZERS LIMITED

- i. The company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note No.30 to the standalone financial statements;
- ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company the following:  
The company is in the possession of the three deposits amounting to Rs.54,000/-, having maturity value of Rs. 60,198/- which were seized by the Income Tax department in the course of search and seizure operations carried at the premises of the depositor. The said deposits had matured during 2001, however due to the intimation received from the department, these are neither been encashed nor transferred to the fund in accordance with Companies Act,2013.
- iv. a. The management has represented that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall,
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or
  - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b. The management has represented, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall,
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or
  - on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures as considered reasonable and appropriate in these circumstances, nothing has come to our notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.
- v. In lieu of carried over previous years' losses, the company has not declared and/or paid any dividend during the year in accordance with Sec.123 of the Companies Act, 2013;

**For Anand & Ponnappan  
Chartered Accountants  
FRN000111S**

**Sd/-  
R. Ponnappan  
Partner  
MRN 021695**

Place : Chennai  
Date : 20.07.2022  
UDIN: 22021695ANHCDI9313



## ANNEXURE – A TO THE AUDITORS' REPORT

Referred to in Paragraph 1 under “Report on Other Legal and Regulatory Requirements” section of our report to the Members of the Company of even dated

Report on Directions issued by the Comptroller and Auditor General of India under section 143(5) of the Companies Act, 2013.

### PART-I- DIRECTIONS

1. **Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated**

Yes. The company has a system in place to process all the accounting transactions through IT system. Transactions relating to ROs through RO-OLIS are not integrated with the corporate accounting module (ie., OLIS), which requires an element of human intervention. Based on our audit procedures on test check basis, wherever accounting transactions arises outside the IT system, no instances of lack of integrity of the accounts along with the financial implications has been noted.

Further, observed certain internal control weakness as given in point no.(b) & (c) of **Qualified Opinion** to our

report on 'Internal Financial Controls over Financial Reporting', which is annexed as **Annexure-C** to our Independent Auditors' Report.

2. **Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/ interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.**

Whether such cases are properly accounted for? (In case, lender is a government company, then this direction is also applicable for statutory auditor of Lender Company).

No. According to the information & explanations given to us, there is no restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender. As such, there is no financial implication involved.

3. **Whether funds (grants/subsidy etc.) received/ receivable for specific schemes from Central/ State Government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.**

No. Based on our examination of Books of Accounts of the company and as per the information & explanations given to us, the company has not received any funds for specific schemes from Central/State Government or its agencies.





**PART-II- SUB-DIRECTIONS**

**1. Whether Subsidy was recognized as per the provisions of the Direct Benefit Transfer Scheme of GOI?**

Yes, Under Direct Benefit Transfer (DBT) Scheme of GOI, the company is entitled to receive subsidy only upon sale of fertilizers by the dealer to ultimate beneficiaries (ie., farmers) through Point of Sales (POS) devices.

However, as an accrual basis of accounting being followed by the company and as per Ind AS-115, the point of recognition of subsidy income will done at time of sale of fertilizers to dealers considering the reasonable assurance and suitable disclosures were made in the standalone financial statements with regard to subsidy income for unsold fertilizers lying with dealers at the reporting date.

Based on the audit procedures performed by us, the same were in line with the accounting practices prevailing in the fertilizers industry.

In view of recognition principle followed by the company in accordance with Ind AS-115, accrued subsidy on sale of fertilizers to dealers, which shall become due for payment under DBT upon sale through POS machines recognised in the standalone financial statements are as under:

Products	As at 31st March,2022		As at 31st March,2021	
	Qty (in MTs)	Amount (Rs.in Cr)	Qty (in MTs)	Amount (Rs.in Cr)
Urea	19,175.54	71.20	49,059.00	108.69
NPK 17:17:17	472.18	0.60	8,595.00	6.40
City Compost	-	-	1,401.00	0.21
<b>Total</b>	<b>19,647.72</b>	<b>71.80</b>	<b>59,055.00</b>	<b>115.30</b>

**2. State the area of land under encroachment, if any, and briefly explain the steps taken by the Company to remove the same.**

The company holds 337.45 acres of land in aggregate in its name. Depending on its usage and intention of management, the same has been classified either as Property, Plant and Equipment or Investment Property in the standalone financial statements.

There is no survey report made available in support of carrying out periodical measurement of the land area for ascertaining the correctness. However, we have not come across any cases of encroachment on lands of the company.

**3. Whether subsidy received/recoverable from Government of India has been properly accounted for and reconciled as per claims admitted?**

Yes. Based on Audit Procedures performed by us and as per the information and explanation given to us, Price and Freight Subsidy receivable is measured and claimed based on policy issued by Dept. of Fertilizers /principle/ notifications received from Fertilizer Industry Coordination Committee (FICC), an office of the Government of India which regulates such subsidy.

Escalation/De-escalation in notified rates is estimated taking into account the effect of guidelines, policies, instructions and clarifications given by the Government further adjusted by management estimates. The difference, if any based on final notification received from FICC is accounted for in relevant year of receipt of final notification.

Subsidy has been accounted on estimated basis which is in line with its stated accounting policy of revenue recognition given in notes to the Standalone Financial Statements.

Subsidy received during the year amounting to Rs.1,250.62 Crores, is reconciled with subsidy disbursed by the Government of India.

**4. State the impact of revision of subsidies for fertilizer products in valuation of fertilizers product closing stock. The summary of impact is stated as follows :**

As per Company's accounting policy, inventories are valued at lower of cost and net realizable value. In respect of Urea and other fertilizers which are subsidized/are sold at prices lower than cost, subsidy being a component of revenue is included while arriving at the net realizable value.



## MADRAS FERTILIZERS LIMITED

While arriving at the net realizable for valuation of stock, the lowest selling prices and the applicable subsidy realizable on such stocks is considered. Accordingly, such revisions are factored while arriving at the Net realization of fertilizer stocks.

In case of Urea, the realizations of Urea are different as per extant policies for production upto reassessed capacity (RAC) and beyond reassessed capacity (BRAC). During the year, the company has produced urea beyond RAC (ie., 103.52%). However, due to higher Import Parity Price (IPP) of urea than the concession rate, there is no gain accrued to the company during the year. Accordingly, the price concession for the urea upto RAC and BRAC will remains stagnant.

The closing stock of Urea and Complex Fertilizers (NPK) as on March 31,2022 are valued at Net Realisable Value, as shown in the following table :

Product	Quantity (in MT) (A)	Cost Per MT (B)	NRV Per MT (C)	Rate of subsidy per MT considered in NRV* (D)	Stock Valuation Rate	Total Closing Stock Valuation
					(B) or (C) whichever is lower (E)	Rs. in Crores (F) = (A) X (E)
<b>Finished Product</b>						
<b>Urea</b>						
@ Plant	2,076.00	48,192.33	42,782.00	38,879.37	42,782.00	8.88
@ Warehouse	743.00	48,624.17	43,692.94	38,879.37	43,692.94	3.25
In-Transit	-	48,498.06	43,566.83		43,566.83	-
<b>NPK 17-17-17</b>						
@ Plant	72.90	37,677.18	35,254.43	13,301.52	35,254.43	0.26
@ Warehouse	123.15	37,996.45	36,092.37	13,301.52	36,092.37	0.44
In-Transit	-	37,870.34	35,966.26	13,301.52	35,966.26	-
<b>Work in progress</b>						
Urea (Unbagged)	18,013.00	47,233.57	41,823.24	38,879.37	41,823.24	75.34
<b>Grand Total</b>						<b>88.17</b>

\*Considering the price subsidy as notified by the Dept.of Fertilizers on 18th April,2022.

The Department of fertilizers has issued a notification on 18th April,2022, notifying the provisional price subsidy rate for urea with effect from 01st Jan,2022 and thereon. Accordingly, the impact of revision in closing stock value of the aforesaid fertilizers products has been increased to the extent of Rs.1.65 Crores, which is the differential portion of price estimated by the management at the reporting date accordance with the known policy parameters and applicable price subsidy rate as notified by the Dept. of fertilizers.

For Anand & Ponnappan  
Chartered Accountants  
FRN000111S

Place : Chennai  
Date : 20.07.2022  
UDIN: 222021695ANHCDI9313

Sd/-  
R.Ponnappan  
Partner  
MRN 021695



## ANNEXURE - B TO THE AUDITORS' REPORT

Referred to in Paragraph 2 under "Report on Other Legal and Regulatory Requirements" section of our report to the Members of the Company of even dated

Based on the audit procedures performed and information and explanations given to us, we report that:

- i. In respect of the Company's Property, Plant and Equipment,
  - a. The company has maintained proper records showing full particulars w.r.t
    - A. Property, Plant and Equipment including quantitative details and situation thereon and relevant details of right-of-use assets;
    - B. Intangible Assets;
  - b. Apart from Policy in Internal Audit Manual, the company has a practice of conducting physical verification of movable Property, Plant and Equipment in a phased manner by the management under a programme designed to cover all the movable Property, Plant and Equipment once in three years, which in our opinion **is not reasonable**, having regard to the size and the magnitude of the organization.

During the year, the internal committee of the company has conducted physical verification of entire Property, Plant and Equipment and given a report confirming the categories of assets verified with no adverse comments. In the absence of the required working papers with which the process of verifications is carried out, we could not give any comments thereon. However, we have not come across any significant deficiencies in this regard;
  - c. The company has clear title deeds of Lands held in its name, measuring 337.45 acres in aggregate;
  - d. During the year, the company has not revalued its Property, Plant and Equipment (Inc. Right to Use assets) or Intangible Assets or both. Accordingly reporting under this clause does not arise.
  - e. The Company does not hold any benami property.

Accordingly, reporting under this clause does not arise.

ii. In respect of the Inventories:

- a. Apart from Policy in Internal Audit Manual, Physical verification of inventories inside factory premises and at Chennai Port has been carried out by an independent surveyor at year end. For stores and spares, physical verification is carried out by the internal auditor of the company on an ongoing basis so as to complete the verification of all items over the period of one year. Regarding the stock lying at warehouses are taken as per certification given by the management and same were duly confirmed through the iFMS portal maintained by Dept. of Fertilizers.

However, during the year the management has formed a technical committee for carrying out the physical verification of stores and spares.

Based on documents and reports made available to us and considering the size of the organization, the physical verification conducted by the management and policies adopted thereon are not reasonable and coverage of verification is inadequate. However, we have not come across any significant deficiencies in this regard;

- b. The Company is sanctioned a working capital limit (i.e, both fund and non-fund based facilities) of Rs.506.32 Crores, further enhanced to Rs.736.32 Crores at the end of the reporting period by the State Bank of India, Commercial Branch, Chennai on the basis of the security of inventories and book debts including GOI subsidy receivable.

In our opinion, the quarterly returns or statements filed by the company with bank are in agreement with books of the accounts except with the deviations as explained in Note No.30.37(g) to the Standalone Financial Statements.

- iii. During the year, the company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms and limited liability partnerships or other parties covered under the register maintained under section 189 of the Companies Act, 2013.



## MADRAS FERTILIZERS LIMITED

Hence, the reporting under the provisions of clause (iii) (a), (b),(c),(d),(e) and (f) of the order are not applicable.

- iv. The company has complied with the provisions of section 185 and 186 of the companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. The company has not accepted any deposits from the public, hence the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 of the Companies Act, 2013 and the rules framed there under, are not applicable.
- vi. The company is maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act for its fertilizer's products.

We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed cost 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 or complete.

- vii. In respect of statutory dues:
  - a. The company is generally been regular in depositing undisputed applicable statutory

dues including provident fund, employees' state insurance, income-tax, sales tax, and service tax, duty of customs, duty of excise, GST, cess and any other statutory dues applicable to it with the appropriate authorities;

There were no outstanding of aforesaid statutory dues as on March 31,2022 for a period of more than six months from the date they became payable except for the following:

Nature of Dues	Amount (Rs. in Crores)
Entry Tax (Tamil Nadu)	2.53
Value Added Tax (Tamil Nadu)	0.40
Sales Tax under TNGST Act	1.78
Service Tax	0.29
Total	5.00

In respect of Tax deducted at source (TDS), department has raised a demand due to short-deduction and/or short payment of Rs.0.30 Crores, for which the company has to take necessary steps in rectifying the demand.

Further, the company withheld an amount of Rs.1.31 crores from contractors' payments towards Provident Fund and Employee State Insurance of the employees employed by the contractors;

- b. There were no dues of GST, Income Tax, value added tax, duty of customs, duty of excise and cess which have not been deposited on account of any dispute except in the following cases:

Name of the Statute	Nature of Dues	Amount (In Crores)		Period to which the amount relates	Forum where dispute is pending
		Disputed	Deposited		
Employees State Insurance Act, 1948	Claim for Damages & Interest for belated remittance	0.12	-	Apr,1989 to Mar,1990	ESI Court
		0.07	0.02	Oct,1999 to Sep,2000	
		0.43	0.09	Apr,1992 to Sep,1995	
		0.55	0.05	Jan,1997 to Jul,1999 (*)	
Income Tax Act,1961	Income Tax (#)	6.54	0.99	Assessment Year 2018-19	Commissioner of Income Tax (Appeals)
<b>Department's Appeal</b>					
Kerala Value Added Tax Act, 2003	VAT	1.71	-	Assessment Year 2009-10	Hon'ble Supreme Court of India
		3.40	-	Assessment Year 2010-11	
Customs Act,1962	Differential Customs Duty, Redemption fine u/s 125(1) & Penalty u/s 114(A)	65.86	0.05	NA	Hon'ble High Court of Madras



## MADRAS FERTILIZERS LIMITED

(\*) The company has already made provision for entire amount of Rs.0.35 Crores after adjusting the deposited amount.  
(#) The Department has levied the penalty of Rs.20,000/-, with regard to non-compliance with the notices issued at the time of assessment.

viii. We have not come across any transactions that are not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Hence, the recording of unrecorded income in the books of accounts does not arise.

ix. a. 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 the following Government of India (GOI) Loans:\*

Nature of borrowing	Amount of Default (Rs.in Crores)	Whether principal or interest	Period of Default
Plan Loans	385.93	Principal	From FY 2004-05 to till the date
Non-Plan Loans	20.77		
Revamp Loans	122.30		
<b>Total (A)</b>	<b>529.00</b>		
Nature of borrowing	Amount of Default (Rs.in Crores)	Whether principal or interest	Period of Default
Plan Loans	568.90	Interest	From FY 2003-04 to till the date
Non-Plan Loans	37.99		
Revamp Loans	159.52		
<b>Total (B)</b>	<b>766.40</b>		
<b>Grand Total (A+B)</b>	<b>1,295.41</b>		

\* The table is amended based on the observation of C&AG supplementary Audit u/s 143(5) of the Companies Act, 2013 for the year and replaces our earlier audit report issued on 19th May, 2022

- b. To the extent of our knowledge, the company has not been declared willful defaulter by any bank or financial institution or government or any government authorities.
- c. The company has utilized the money obtained by way of terms loans during the year for the purposes for which they were obtained.
- d. On overall examination of the financial statements of the company, we report that no funds raised on short term basis have been used for long term purposes by the company.
- e. The Company does not have any subsidiaries, associates or joint ventures. Accordingly, reporting with regard to borrowal of money in order to meet the obligations of its subsidiaries, associates or joint ventures does not arise.
- f. The Company does not have any subsidiaries, associates or joint ventures. Accordingly, reporting with relating to borrowal of money on pledge of securities held in its subsidiaries, joint ventures or associate companies does not arise.
- x. a. The Company has not raised money by way of initial public offer or further public offer (including debt instrument) during the period under audit. However, the company has raised term loans from bank and the same has been utilised for intended purpose. Accordingly, reporting under this clause does not arise.
- b. During the year, company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, reporting under this clause is not applicable to the company.



- 
- xi. To the best of our knowledge,
- No fraud by the company or on the company has been noticed or reported during the year.
  - No report has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government in accordance with section 143(12) of the Companies Act, 2013.
  - As represented to us by the management, there are no whistle blower complaints received by the company during the year.
- xii. The company is not a Nidhi company. Hence, the reporting under the provisions of clause (xii) (a), (b) and (c) of the order are not applicable.
- xiii. In our opinion, all the related party transactions during the financial year are in compliance with Section 177 and 188 of Companies Act, 2013 and the details of the said transactions have been disclosed appropriately in the standalone financial statements in accordance with applicable Ind AS.
- xiv. a. In our opinion and based on our examination, **the company does not have an adequate internal audit system commensurate with the size and nature of its business.**
- We were unable to obtain, the internal audit reports for the year under audit on timely basis, hence the internal audit reports have not been entirely considered by us, in determining the nature, timing and extent of our audit procedures.
- xv. In our opinion, the company has not entered into any non-cash transactions with directors or persons connected with him during the financial year under Section 192 of the Companies Act, 2013.
- xvi. The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under the provisions of clause (xvi) (b) and (c) of the order does not arise. Further, in our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under this clause is not applicable to the company.
- xvii. The company has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly reporting under this clause does not arise.
- xix. The Company has accumulated losses amounting to Rs.667.53 Cr (PY.Rs.857.37 Cr) with a negative net worth of Rs.505.39 Cr (PY.Rs. 695.23 Cr). The current liabilities exceed its current assets by Rs.916.23 Cr (PY.Rs. 1078.68 Cr). However, the company has reported a total comprehensive income of Rs. 189.84 Cr as against PY Rs.34.41 Cr. The company has submitted proposal for restructuring of the loans received from Government of India. However, considering the strategic importance of the industry in which the company operates and constitution of the equity shareholders and stakeholders, the standalone financial statements of the company have been prepared on going concern basis.
- On a consideration of the company's accumulated losses and strategic importance as discussed above and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements of the company, our knowledge of the Board of Directors and management plans, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date, We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
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## MADRAS FERTILIZERS LIMITED

- xx. Even though the company is under the obligation to spend amount in accordance with Sec.135 of the Companies Act,2013, out of the last three immediately preceding financial years, two financial years have net loss, hence there is no amount that has been prescribed by the CSR Committee, which needs to be spent during the year. However, the company has spent a sum of Rs.0.41 Crores as the CSR initiative, which can either be carried forward and adjusted to the subsequent years CSR obligation. Further, in our opinion,
- there are no unspent amount in respect of other than ongoing projects, to a Fund specified in Schedule VII to the Companies Act, 2013 till the date of our report. However, the time period for such transfer i.e. six months of the expiry of the financial year as permitted under the second proviso to sub-section (5) of section 135 of the Act, has not elapsed till the date of our report.
  - there are no amount remaining unspent in respect of ongoing projects. Accordingly, the company is not under obligation to transfer the unspent amount in respect of ongoing projects, to a Special Account as per sub-section (6) of section 135 of the Act.
- xxi. The reporting under this clause is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of this clause has been included in this report.

**For Anand & Ponnappan  
Chartered Accountants  
FRN000111S**

Place : Chennai  
Date : 20.07.2022  
UDIN : 222021695ANHCDI9313

**Sd/-  
R.Ponnappan  
Partner  
MRN 021695**



## ANNEXURE – C TO THE AUDITORS' REPORT

Referred to in Paragraph 4(f) under "Report on Other Legal and Regulatory Requirements" section of our report to the Members of the Company of even dated.

### 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 Financials Controls over Financial Reporting of Madras Fertilizers Limited (referred to as the "Company") for the year ended March 31, 2022, in conjunction with our audit of the Standalone Ind AS financial statements of the company.

### 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.

### Auditor's 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") issued by the ICAI 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 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 standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide us 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 standalone 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:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and





that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

- c. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone 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 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.

#### **Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weaknesses has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31,2022:

- a. The company's internal financial control over GST Input Tax Credit availment, claim and reconciliation were not operating effectively which could materially affect the financial performance and also possible effects on the liquidity position of the company;
- b. The Company's internal control system for inventory- Stores and Spares with regard to receipts, issue for production, physical verification and identification of slow-moving and non-moving items were not operating effectively. These could potentially result in material misstatements in the Company's consumption, inventory and expense account balances; and
- c. Non- Integration of HO-OLIS (Corporate Accounts) and ROs OLIS (Marketing) and absence of periodical reconciliation between the two-accounting system

may lead to material misstatements in the Company's Trade receivables (excl. Subsidy Receivable from Government) and consequential impact on the liquidity position;

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim standalone financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the company has in all material respects, maintains adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31,2022, 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.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31,2022 standalone financial statements of the Company, and these material weaknesses does not have effect our opinion on the standalone financial statements of the Company and we have issued an unqualified opinion on the standalone financial statements.

**For Anand & Ponnappan  
Chartered Accountants  
FRN000111S**

**Sd/-  
R.Ponnappan  
Partner  
MRN 021695**

Place : Chennai  
Date : 20.07.2022  
UDIN : 222021695ANHCDI9313

**BALANCE SHEET**  
**as at March 31,2022**

₹ Crores

Particulars	Note No.	As at March 31	
		2022	2021
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	2	188.76	188.39
Right of use Assets	2.1	0.38	0.83
Capital Work-in-progress	2.2	13.76	17.78
Investment Property	3	1.22	1.23
<b>Financial Assets</b>			
i) Investments	4	250.50	202.75
ii) Loans	4.1.a	14.47	10.49
iii) Other Financial Assets	4.2.a	0.28	0.28
Deferred Tax Assets (net)	5.1.a	-	-
Other Non-Current Assets	6	17.70	14.09
<b>Total Non-Current Assets</b>		<b>487.07</b>	<b>435.84</b>
<b>Current Assets</b>			
Inventories	7	283.74	246.67
<b>Financial Assets</b>			
i) Trade Receivables	8	983.64	273.41
ii) Cash and Cash Equivalents	9	0.00	50.00
iii) Bank Balances other than (ii) above	9.a	31.81	29.79
iv) Loans	4.1.b	0.29	0.67
v) Other Financial Assets	4.2.b	24.78	1.76
Current Tax Assets (net)	5.1.b	3.67	3.26
Other Current Assets	10	95.90	133.99
<b>Total Current Assets</b>		<b>1423.83</b>	<b>739.55</b>
<b>Assets held for Sale</b>		<b>0.00</b>	<b>15.78</b>
<b>TOTAL ASSETS</b>		<b>1910.90</b>	<b>1191.17</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	11	162.14	162.14
Other Equity	12	(667.53)	(857.37)
<b>Total Equity</b>		<b>(505.39)</b>	<b>(695.23)</b>

**BALANCE SHEET**  
as at March 31, 2022

₹ Crores

Particulars	Note No.	As at March 31	
		2022	2021
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
i) Borrowings	13.1.a	8.90	26.30
ii) Lease Liabilities	13.2.a	0.07	0.61
Employee Benefit Obligation	14.1.a	41.45	40.51
Deferred Tax Liability (net)	5.1.a	25.17	0.00
Other non-current liabilities	15	0.64	0.76
<b>Total Non-current Liabilities</b>		<b>76.23</b>	<b>68.18</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
i) Borrowings	13.1.b	1726.00	1349.48
ii) Trade Payables	16	308.74	287.74
iii) Lease Liabilities	13.2.b	1.06	1.59
iv) Other Financial Liabilities	13.3	150.71	144.26
Employee Benefit Obligation	14.1.b	12.75	9.20
Other Current Liabilities	17	140.80	25.95
<b>Total Current Liabilities</b>		<b>2340.06</b>	<b>1818.22</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1910.90</b>	<b>1191.17</b>

Significant Accounting Policies and other Notes forming part of Financial Statements 1 to 30

For and on behalf of Board of Directors

Sd/-  
**U Saravanan**  
Chairman and Managing Director  
DIN 07274628

Sd/-  
**Harsh Malhotra**  
Director - Technical  
DIN 08520873

Asper our Report of even date  
For Anand and PonnappanChartered Accounts  
FRN 000111S

Sd/-  
**Priya Ranjan Panda**  
Company Secretary &  
Compliance Officer (Incharge)

Sd/-  
**R. Ponnappan**  
Partner  
M No.021695

Place : Chennai  
Date : 19.5.2022

**STATEMENT OF PROFIT AND LOSS**  
for the year ended March 31, 2022

₹ Crores

Particulars	Note No.	Year Ended March 31	
		2022	2021
<b>Revenue</b>			
Revenue from Operations	18	2,302.16	1,532.79
Other Income	19	31.71	7.27
<b>Total Income</b>		<b>2,333.87</b>	<b>1,540.06</b>
<b>Expenditure</b>			
Cost of Materials Consumed	20	1,504.07	916.30
Purchases of Stock-in-Trade	21	7.23	5.24
Changes in Inventories	22	(46.17)	(1.08)
Operating and Maintenance Expenses	23	421.42	363.24
Employee Benefits Expense	24	103.35	100.97
Finance Costs	25	93.11	105.59
Depreciation and Amortization Expense	26	9.45	31.14
Other Expenses	27	74.69	15.79
<b>Total Expenses</b>		<b>2,167.15</b>	<b>1,537.19</b>
<b>Profit/(Loss) before Exceptional items and Tax</b>		<b>166.72</b>	<b>2.87</b>
Exceptional Items		-	-
<b>Profit/(Loss) after Exceptional items and Tax</b>		<b>166.72</b>	<b>2.87</b>
<b>Profit/(Loss) before Tax</b>		<b>166.72</b>	<b>2.87</b>
Current Tax		-	-
Earlier years Tax (Net)		(0.56)	-
<b>Deferred Tax</b>		<b>5.23</b>	-
<b>Tax Expenses /(Income)</b>		<b>4.67</b>	-
<b>Profit/(Loss) for the Year (A)</b>		<b>162.05</b>	<b>2.87</b>



**STATEMENT OF PROFIT AND LOSS**  
for the year ended March 31,2022

₹ Crores

Particulars	Note No.	Year Ended March 31	
		2022	2021
Other Comprehensive Income (Net of Tax) (OCI)			
<b>Items that will not be reclassified to Profit or Loss:</b>			
Fair Value Change of Non-Current Investments	28	46.50	22.95
Re-measurements of defined benefit obligation	28	1.23	8.59
Less: Tax (expenses)/benefit on the above	28	(19.94)	-
<b>Total Other Comprehensive Income (B)</b>		<b>27.79</b>	<b>31.54</b>
<b>Total Comprehensive Income (A+B)</b>		<b>189.84</b>	<b>34.41</b>
Earnings per Equity Share( EPS):			
Equity Shares of par value Rs.10/- each			
Basic and Diluted EPS per share		10.06	0.18
Number of Shares used in computing earning per share		16,11,01,300	16,11,01,300

Significant Accounting Policies and other Notes forming part of Financial Statements 1 to 30

For and on behalf of Board of Directors

Sd/-  
**U Saravanan**  
Chairman and Managing Director  
DIN 07274628

Sd/-  
**Harsh Malhotra**  
Director - Technical  
DIN 08520873

Asper our Report of even date  
For Anand and Ponnappan  
Chartered Accounts  
FRN 000111S

Sd/-  
**Priya Ranjan Panda**  
Company Secretary &  
Compliance Officer (Incharge)

Sd/-  
**R. Ponnappan**  
Partner  
M No.021695

Place : Chennai  
Date : 19.5.2022

**STATEMENT OF CASH FLOW**

for the year ended March 31, 2022

₹ Crores

Particulars	Year Ended March 31	
	2022	2021
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Tax from Continuing Operations	166.72	2.87
<b>Add/(Less) Adjustment for :</b>		
Depreciation and Amortization Expense	9.46	31.14
Finance Costs	92.84	100.89
Interest Income	(1.90)	(2.05)
Dividend Income	(0.63)	(0.40)
Income from Investment Properties	(6.73)	(1.13)
Provision No Longer required/Written Back of Accounts	(15.92)	0.00
Provisions made during the year	48.34	0.00
Loss on derecognition of Property Plant and equipment	2.54	0.49
(Profit)/Loss on sale of Property, Plant and Equipment & Asset held for sale	(0.17)	(0.02)
<b>Operating Cash Flow before Working Capital Changes</b>	<b>294.55</b>	<b>131.79</b>
Adjustment for :		
(Increase)/Decrease in Inventories	(37.07)	(22.99)
(Increase)/Decrease in Trade Receivables	(710.23)	228.43
(Increase)/Decrease in Loans & Advances	(3.60)	(4.09)
(Increase)/Decrease in Other Assets	(21.95)	(33.63)
Increase/(decrease) in Provisions	5.73	5.79
Increase/(decrease) in Trade Payables	21.00	174.96
Increase/(decrease) in Other Liabilities	134.05	11.71
<b>Cash Generated from Operations</b>	<b>(317.52)</b>	<b>491.97</b>
Direct Tax paid (Net of refunds)	0.75	0.00
<b>Net Cash from Operating Activities</b>	<b>(316.77)</b>	<b>491.97</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment	(2.02)	(5.56)
(Increase)/Decrease in Capital Work in Progress	(5.87)	(13.21)
Interest Received (Gross)	1.91	2.05
Income from Investment Properties	6.73	1.13
Dividend Income	0.63	0.40
Proceeds from sale of Property, Plant and Equipment	0.18	0.03
<b>Net Cash from Investing Activities</b>	<b>1.56</b>	<b>(15.16)</b>

**MADRAS FERTILIZERS LIMITED****C CASH FLOW FROM FINANCING ACTIVITIES**

Net proceeds from Term Borrowings	(12.73)	13.79
Net proceeds from Financial Assets	0.00	0.00
Net proceeds from Working capital and Short-term borrowings	317.27	(493.36)
Repayment of Lease Liability	(1.23)	(1.33)
Interest Paid	(38.10)	(45.99)
<b>Net Cash from Financing Activities</b>	<b>265.21</b>	<b>(526.89)</b>

**ABSTRACT**

(A) Net Cash from Operating Activities	(316.77)	491.97
(B) Net Cash from Investing Activities	1.56	(15.16)
(C) Net Cash used in Financing Activities	265.21	(526.89)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(50.00)</b>	<b>(50.08)</b>
Cash and Cash Equivalents at the beginning of the year	50.00	100.08
<b>Cash and Cash Equivalents at the end of the year</b>	<b>(0.00)</b>	<b>50.00</b>

**COMPONENTS OF CASH AND CASH EQUIVALENTS**

Cash on Hand	0.00	0.00
Balance with banks:		
in Current and Cash Credit Accounts	0.00	0.00
in Term Deposits with less than 12 months maturity	0.00	50.00
<b>Total Cash and Cash equivalents</b>	<b>0.00</b>	<b>50.00</b>

Significant Accounting Policies and other Notes forming part of Standalone Financial Statements 1 to 30

Notes:

- 1 Statement of Cash Flows is prepared using Indirect Method as per Indian Accounting Standard-7 Statement of Cash Flows.
- 2 Figures for previous year have been regrouped wherever necessary for uniformity in presentation.
- 3 Figures in brackets indicate cash outflows.

**For and on behalf of Board of Directors****Sd/-****U Saravanan**

Chairman and Managing Director

DIN:07274628

Place: Chennai

Date: 19.05.2022

**Sd/-****Harsh Malhotra**

Director - Technical

DIN:08520873

**Sd/-****Priya Ranjan Panda**

Company Secretary &amp;

Compliance Officer

(Incharge)

**In terms of our Audit Report of even date attached**For **Anand and Ponnappan****Chartered Accountants**

FRN:000111S

Sd/-

**R.Ponnappan**

Partner

M.No:021695

Place: Chennai

Date: 19.05.2022



**STATEMENT OF CHANGES IN EQUITY**

As on March 31, 2022

₹ Crores

Particulars	A) Equity Share Capital		Reserves & Surplus	Items of Other Comprehensive Income		Total Equity
	No. of Shares	Amount		Retained Earnings	Equity Instruments through OCI	
Balance as at April 1, 2020	16,11,01,300	161.10				
Changes during the year	-	-				
Balance as at March 31, 2021	16,11,01,300	161.10				
Changes during the year	-	-				
Balance as at March 31, 2022	16,11,01,300	161.10				
<b>B) Other Equity</b>						
Balance as at April 1, 2020			12.39	(1,083.58)	179.41	(891.78)
Profit/(Loss) for the Year (2020-21)			-	2.87	-	2.87
Other Comprehensive Income (Net of tax)			-	8.59	22.95	31.54
<b>Total Comprehensive Income for the year</b>			<b>-</b>	<b>11.46</b>	<b>22.95</b>	<b>34.41</b>
Balance as at March 31, 2021			12.39	(1,072.12)	202.36	(857.37)
Balance as at April 1, 2021			12.39	(1,072.12)	202.36	(857.37)
Profit/(Loss) for the Year (2021-22)			-	162.05	-	162.05
Other Comprehensive Income (Net of tax)			-	0.92	26.87	27.79
<b>Total Comprehensive Income for the year</b>			<b>-</b>	<b>162.97</b>	<b>26.87</b>	<b>189.84</b>
Balance as at March 31, 2022			12.39	(909.15)	229.23	(667.53)

Significant Accounting Policies and other Notes forming part of Financial Statements 1 to 30

For and on behalf of Board of Directors

Sd/-

U Saravanan

Chairman and Managing Director

DIN:07274628

Sd/-

Harsh Malhotra

Director - Technical

DIN:08520873

As per our Report of even date

For Anand and Ponnappan

Chartered Accountants

FRN 000111S

Sd/-

R. Ponnappan

Partner

M.No 021695

Sd/-

Priya Ranjan Panda

Company Secretary & Compliance Officer (Incharge)

Place : Chennai

Date : 19.05.2022





## 1. SIGNIFICANT ACCOUNTING POLICIES

### 1.1. Corporate Information

Madras Fertilizers Limited (“MFL” or “the Company”), is a Public Sector Undertaking (“PSU”) under the administrative control of the Department of Fertilizers (“DOF”), Ministry of Chemicals & Fertilizers, Government of India (“GOI”) and is registered under the erstwhile Companies Act, 1956 with its registered office located at Manali industrial area, Chennai - 600 068.

The Company’s equity shares are listed on the National Stock Exchange (“NSE”). MFL is engaged in the manufacture of Urea and Complex Fertilizers. It is also engaged in manufacturing Bio-fertilizers and trading eco-friendly Agro Chemicals, Organic Manure and City Compost under the brand name ‘Vijay’.

### 1.2. Basis of preparation and Statement of compliance

- a. These financial statements have been prepared in accordance with applicable Indian Accounting Standards (‘Ind AS’) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 (the ‘Act’) and the relevant provisions of the Act and Rules thereunder, as amended time to time.
- b. The financial statements have been prepared on a going concern basis, using the historical cost basis and on accrual method of accounting except for the items which are specifically indicated in the concerned accounting policies.
- c. These financial statements are prepared in Indian Currency (INR) which is also the company’s functional currency. All amounts disclosed in the financials have been rounded-off to the nearest crores unless otherwise stated.
- d. **Fair Value Measurement:**  
The Company’s accounting policies and disclosures require the measurement of fair values for financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. The Company regularly reviews significant unobservable inputs and valuation adjustments. In cases where fair values are to be computed by third parties, the Company assesses the evidence obtained by such third parties to support the conclusions that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### 1.3. Significant Accounting Policies

#### A. Property, Plant and Equipment:

**Freehold land** is carried at historical cost. All other items of **Property, Plant and Equipment** are stated at historical cost less depreciation. Historical cost includes



expenditure that is directly attributable to the acquisition of the items. Spare Parts are capitalized when they meet the definition of PPE.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognized when replaced. All other repairs and maintenance are charged to Profit or Loss during the reporting period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Profit or Loss within other gains/(losses).

**Capital Work in progress** consists of costs incurred on projects and other capital works under feasibility/commission stage. Cost includes expenses attributable to the work-in progress. Advances paid towards acquisition of Property, Plant and Equipment outstanding at each Balance sheet date is classified as capital advances under 'Other non-current assets. Plant & Machinery which are not in use for want of refurbishing are regrouped under CWIP at their carrying cost till put into use.

#### **Depreciation:**

Depreciation on property, plant and equipment 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 as reviewed at each reporting date based on the technical evaluation using the straight-line method.

In respect of plant and machinery, buildings, roads & bridges and railway siding residual value of 5% and INR 1 in respect of other property, plant and equipment incl. asset acquired out of Govt Grant/retailer margin and Capital Spares. In the year of commissioning / retirement of assets, depreciation is calculated on pro-rata basis, for the period the asset is available for use.

Assets costing less than INR 5,000 are capitalized and charged to the statement of profit and loss in the year of purchase by retaining a residual value of INR 1.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives best represent the period over which management expects to use these assets.

#### **De-recognition**

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit and loss.

#### **B. Impairment of Non-Financial Assets**

The Company assesses at each reporting date whether there is any indication that an asset or a group of assets (cash generating unit) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset, which is the greater of its value in use and its net selling price. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

#### **C. Leases:**

The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange



for a consideration. This policy has been applied to contracts existing and entered into on or after 1 April 2019.

**Transition:**

Effective April 01, 2019, the company adopted Ind AS 116 “leases” and applied the standard to all applicable lease contracts existing on April 1, 2019 using the modified retrospective method with cumulative effect of initially applying the standard recognised on the date of initial application. Accordingly, company has not restated comparative information and recognised right of use assets at an amount equal to lease liability.

**Company as a Lessee:**

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently amortised using the straight-line method from the commencement date to the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if not readily determinable, using the Company’s incremental borrowing rate.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension

or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., The higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

**Company as a Lessor:**

At the inception of the lease, the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income over the lease term on a straight-line basis.

**D. Investment properties:**

Properties held to earn rentals and/or capital appreciation are classified as investment property and are measured and reported at cost, including transaction costs and borrowing cost capitalised for qualifying assets, in accordance with the Company’s accounting policy.

Depreciation is recognised using straight-line method so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/ residual value is accounted on prospective basis. Freehold land is not depreciated.



An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognised in the Statement of Profit and Loss in the same period.

#### E. Inventories:

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In case of manufactured goods (finished goods) and work in progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

The method of determination of cost of various categories of inventories is as follows:

1. Raw and packing materials-FIFO;
2. Stores and Spares and Catalyst (not in use) – Monthly Moving Weighted Average Cost;
3. Finished goods and work-in-process – Cost of production. Which comprises of direct material costs, direct wages and applicable overheads.;
4. Stock-in-trade – FIFO;
5. Goods in transit/under inspection are valued at cost;

Work in Progress includes Ammonia, Manufactured Bulk Urea and off-Spec Manufactured products.

Catalyst (in use) will be charged off over its useful life as assessed by the Technical Department.

Net realizable value represents the estimated selling price, including subsidy income where ever applicable, of inventories less all estimated costs of completion and costs necessary to make the sale.

**Non-moving/obsolete stores and spares:** The Technical Committee will review the spares once a year and shortlist such spares as are considered obsolete/non-moving, the

same is written off from the books with due approvals of the Board.

#### F. Revenue Recognition:

Revenue from sale of goods is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions, incentives, and returns, if any, as specified in the contracts with the customers.

Sale of goods is recognised upon transfer of the control over the goods to the customers. The performance obligation in case of sale of goods is satisfied at a point in time i.e., when the goods are shipped to the customers or on delivery to the customer, as per applicable terms.

The Company recognizes subsidy income as per Ind AS 20 'Accounting for Government Grants and Disclosure of Government Assistance' on the basis of the rates notified from time to time by the Government of India in accordance with the notified policies under the head "Other Operating Revenue".

Income from services rendered is recognised based on the agreements/arrangements with the concerned parties and when services are rendered by measuring progress towards satisfaction of performance obligation for such services.

#### Other Income:

- a. Income from rentals for properties given on lease to third parties are recognized on accrual basis.
- b. All other claims are recognized when there is a reasonable certainty of recovery.

#### G. Government Grants:

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in statement of profit and loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically,



government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets or deducting in the carrying amount of the respective assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in the statement of profit and loss in the period in which they become receivable in accordance with the notified policies as under:

- i. Urea subsidy income is recognised on the basis of the rates notified from time to time by the Government of India on the quantity of fertilisers sold by the Company for the period for which notification has been issued. Increase /decrease on account of 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 of final notification;
- ii. Subsidy on Phosphatic and Potassic (P&K) fertilizers is recognized as per concession rates notified by the Government of India under Nutrient Based Subsidy (NBS) Scheme from time to time on the quantity of fertilisers sold by the Company for the period for which notification has been issued;
- iii. Uniform freight subsidy on Urea, P&K fertilizers and Imported Urea has been accounted in accordance with the parameters and notified rates;
- iv. Subsidy on City Compost is recognized based on rates, as notified by the Government of India;
- v. Special Compensation received on conversion of feedstock to LNG is recognised based on rate as notified;

#### **H. Borrowing Costs:**

General and Specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale,

are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Capitalisation of borrowing costs is suspended when active development activity on the qualifying assets is interrupted other than on temporary basis and charged to the Statement of Profit and Loss during such extended periods.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### **I. Foreign Currency Translation:**

##### ***Functional and Presentation Currency:***

Items included in the financial statement of the Company are measured using currency of the primary economic environment in which the entity operates ('the functional currency'). India being the primary economic environment of the Company, the Financial Statements are presented in Indian Rupee (INR), which is Company's functional and presentation currency.

##### ***Transactions and Balances:***

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in Profit or Loss.

#### **J. Financial Instruments:**

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets



and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in statement of profit and loss.

#### **Financial Assets:**

At initial recognition trade accounts receivables (in accordance with Ind AS 115) are measured at their transaction price.

For the purpose of subsequent measurement, financial assets are classified into the following categories:

- amortised cost
- financial assets at fair value through profit or loss (FVTPL)
- financial assets at fair value through other comprehensive income (FVOCI)

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date.

Investments in equity instruments are recognized and subsequently measured at fair value. The Company's equity investments are not held for trading. In general, changes in the fair value of equity investments are recognized in the income statement. However, at initial recognition the Company elected, on an instrument-by-instrument basis, to represent subsequent changes in the fair value of individual strategic equity investments in other comprehensive income (loss) ("OCI").

#### **Cash and Cash Equivalents:**

The Company considers all highly liquid financial instruments which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and Cash Equivalents consist of balances with banks which are unrestricted for withdrawal

and usage. Restricted cash and bank balances are classified and disclosed as other bank balances.

#### **Financial Assets at Amortised cost:**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in the statement of profit and loss and is included in the "Other income" line item.

#### **Financial Assets at FVOCI:**

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to statement of profit and loss on disposal of the investments.

#### **A financial asset is held for trading if:**

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or



- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognised in statement of profit and loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in statement of profit and loss are included in the 'Other income' line item.

**Financial Assets at FVTPL:**

Financial assets at FVTPL include financial assets that are either do not meet the criteria for amortised cost classification or that are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

**Impairment of Financial Assets:**

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, lease receivables, trade receivables and other contractual rights to receive cash or another financial asset. The expected credit loss approach requires that all impacted financial assets will carry a loss allowance based on their expected credit losses. Expected credit losses are a probability-weighted estimate of credit losses over the contractual life of the financial assets.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

The impairment provisions for trade receivables are based on reasonable and supportable information including

historic loss rates, present developments such as liquidity issues and information about future economic conditions, to ensure foreseeable changes in the customer-specific or macroeconomic environment are considered.

**Derecognition of financial assets:**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**Financial Liabilities:**

The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**Derecognition of financial liabilities:**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms



is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in the statement of profit and loss.

**Offsetting financial instruments:**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparty.

**K. Fair Value Measurement:**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is the use of fair value (i.e., is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants) at the measurement date in measuring the assets and liabilities of an entity. The Company opts to follow fair value measurement as per Ind AS 113 viz, in respect of financial assets and financial liabilities as stated in the notes no. 1.2;

**L. Earnings Per Share:**

The basic Earnings Per Share ("EPS") is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares. The Company did not have any potentially dilutive securities in the years presented.

**M. Employee Benefits:**

**Short term employee benefits:**

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present, legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Short term employee benefits comprise of wages, salaries, incentives, short term leave salary etc.

**Post-employment benefits:**

**Defined Contribution Plans:**

Contributions paid/payable to defined contribution plans comprising of Superannuation and Provident Funds for employees covered under the respective Schemes are recognised in the profit or loss each year when employees have rendered service entitling them to the contributions.

**Defined benefit plans:**

Contributions towards gratuity and provident fund trust are considered as defined benefit plans and provided for in accordance with the Guidelines issued by Department of Public Enterprises. Out of the defined benefit plans in the Company only gratuity is a funded defined benefit plan.

The Company makes Provident fund contributions to the Trust set up by the company, at a specified percentage of the employees' salary. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The company has an obligation to make good the short fall, if any, between the return from the investment of the trust and the notified interest rate.

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of the plan assets.

The amount of defined benefit obligations is computed annually by an independent actuary using the projected unit credit method.





Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in Other Comprehensive Income (OCI). Net interest expense / income, service cost and other expenses related to defined benefit plans are recognized in the statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain / loss on curtailment is recognized immediately in the statement of profit and loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

**Other long-term employee benefits:**

Benefits under the Company's earned leave, post-retirement medical benefits and service awards constitute other long term employee benefits and are recognized based on an actuarial valuation using the projected unit credit method. These actuarial gains or losses are recognized in the statement of profit and loss in the period in which they arise.

**N. Income Taxes:**

Income tax expense comprises current and deferred tax. It is recognized in the statement of profit and loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

**Current Tax:**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

**Deferred Tax:**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and

liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss;
- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are adjusted accordingly.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**O. Non-Current Assets held for Sale:**

Non-current assets and disposal group are classified as "Held for Sale" if their carrying amount is intended to be recovered principally through sale rather than through continuing use. The condition for classification of "Held for Sale" is met when the non-current asset or the disposal



group is available for immediate sale and the same is highly probable of being completed within one year from the date of classification as “Held for Sale”.

Non-current assets and disposal group held for sale are measured at the lower of carrying amount and fair value less cost to sell. The same are not depreciated or amortized while they are classified as held for sale.

Non-current assets and disposal group that ceases to be classified as “Held for Sale” shall be measured at the lower of carrying amount before the non-current asset and disposal group was classified as “Held for Sale” adjusted for any depreciation/ amortization and its recoverable amount at the date when the disposal group no longer meets the “Held for Sale” criteria.

#### **P. Operating Segments:**

In accordance with Ind AS 108 Operating Segments, the operating segments used to present segment information are identified on the basis of internal reports used by the Company’s Management to allocate resources to the segments and assess their performance.

The CMD is the Company’s ‘Chief Operating Decision Maker’ or ‘CODM’ within the meaning of Ind AS 108. The indicators used for internal reporting purposes may evolve in connection with performance assessment measures put in place.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

#### **Q. Provisions, Contingent Liabilities and Contingent Assets:**

A provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. The unwinding of the discount is recognized as

finance cost. Expected future operating losses are not provided for.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognized. They are disclosed only when an inflow of economic benefit is probable from such assets.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

#### **R. Exceptional Items:**

Exceptional items are disclosed separately in the Financial Statements where it is necessary to do so to provide further understanding of the financial performance of the company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

#### **S. Current and Non-Current classification:**

All the assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria set out in Ind AS 1 Presentation of Financial Statements.

**Operating cycle :** Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

#### **T. Cash flow statement**

Cash flow statement is prepared in accordance with the indirect method prescribed under Ind AS 7 Statement of Cash Flows.



Cash flows are reported using the indirect method, whereby profit / (Loss) for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**1.4. Critical Accounting estimates and judgements:**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and related disclosures concerning the items involved as

well as contingent assets and liabilities on the date of the financial statements and the reported amount of income and expense during the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes, requiring a material adjustment in the carrying amounts of assets or liabilities in future periods. Difference between the actual results and estimates are recognized in the period in which the results are known or materialized.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.



₹ Crores

Notes to the Standalone Financial Statements

2 : Property, Plant and Equipment

Particulars	Land	Buildings	Road, Bridges and other facilities	Railway Siding	Plant & Machinery	Automotive and service equipment	Lab Equipment	Office Equipment	Furniture and Fittings	Air Conditioner & Water Coolers	Total
<b>Gross Block</b>											
Balance as on April 1,2020	0.72	9.42	3.33	0.09	299.94	2.27	1.74	4.47	0.72	0.36	323.06
Additions	-	0.15	-	0.44	4.30	-	1.09	0.12	0.00	0.24	6.34
Deletions/ Adjustments	0.02	-	-	-	2.23	-	-	-	-	-	2.25
Reclassified as held for sale	-	-	-	-	-	-	-	-	-	-	-
Balance as on March 31,2021	0.70	9.57	3.33	0.53	302.01	2.27	2.83	4.59	0.72	0.60	327.15
Additions	-	0.02	-	-	8.80	-	0.36	0.49	-	0.01	9.68
Deletions/ Adjustments	-	-	-	-	0.31	-	-	-	-	-	0.31
Reclassified as held for sale/ Investment Property	-	-	-	-	-	-	-	-	-	-	-
Balance as on March 31,2022	0.70	9.59	3.33	0.53	310.50	2.27	3.19	5.08	0.72	0.61	336.52
<b>Depreciation/Amortisation</b>											
Balance as on April 1,2020	-	1.51	0.97	0.05	99.72	0.88	1.21	3.32	0.25	0.16	108.07
Additions	-	0.50	0.46	0.02	27.93	0.20	0.35	1.10	0.08	0.05	30.69
Deletions/ Adjustments	-	-	-	-	-	-	-	-	-	-	-
Balance as on March 31,2021	-	2.01	1.43	0.07	127.65	1.08	1.56	4.42	0.33	0.21	138.76
Additions	-	0.54	0.46	0.04	7.22	0.14	0.33	0.13	0.08	0.06	9.00
Deletions/ Adjustments	-	-	-	-	-	-	-	-	-	-	-
Balance as on March 31,2022	-	2.55	1.89	0.11	134.87	1.22	1.89	4.55	0.41	0.27	147.76
<b>Net Block</b>											
As at March 31,2021	0.70	7.56	1.90	0.46	174.36	1.19	1.27	0.17	0.39	0.39	188.39
As at March 31,2022	0.70	7.04	1.44	0.42	175.63	1.05	1.30	0.53	0.31	0.34	188.76

Notes:

- The Company has elected the previous GAAP carrying amounts as deemed cost on the date of transition for Property, Plant & Equipment. Hence, net block as at March 31, 2016 is considered as opening gross block as at April 1, 2016.
- Land Includes: ₹ 0.12 Cr being payment for 297.75 acres out of 329.40 acres handed over to the Company by the Tamilnadu Government and is subject to communication of final value by the Government. However Govt. of Tamilnadu has demanded a sum of ₹ 0.43 Crs towards the Balance Land of 31.65 acres which is shown under Contingent Liability.
- 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.



Notes to the Standalone Financial Statements

₹ Crores

2.1 : Right of use assets

Particulars	Land
<b>Gross Block</b>	
Balance as on April 1,2020	1.71
Additons	-
Deletions / Adjustments	-
Reclassified as held for sale	-
<b>Balance as on March 31,2021</b>	<b>1.71</b>
Additons	-
Deletions/ Adjustments	-
Reclassified as held for sale	-
<b>Balance as on March 31,2022</b>	<b>1.71</b>
<b>Depreciation/Amortisation</b>	
Balance as on April 1,2020	0.44
Additons	0.44
Deletions/ Adjustments	-
<b>Balance as on March 31,2021</b>	<b>0.88</b>
Additons	0.44
Deletions / Adjustments	-
<b>Balance as on March 31,2022</b>	<b>1.33</b>
<b>Net Block</b>	
As at March 31,2021	0.83
As at March 31,2022	0.38

3: Investment Property

Particulars	Land	Buildings
<b>Gross Block</b>		
Balance as on April 1,2020	1.13	0.33
Additons	0.02	-
Deletions / Adjustments	-	-
Reclassified as held for sale	-	-
<b>Balance as on March 31,2021</b>	<b>1.15</b>	<b>0.33</b>
Additons	-	-
Deletions / Adjustments	-	-
Reclassified as held for sale	-	-
<b>Balance as on March 31,2022</b>	<b>1.15</b>	<b>0.33</b>
<b>Depreciation/Amortisation</b>		
Balance as on April 1,2020	-	0.24



## Notes to the Standalone Financial Statements

₹ Crores

Particulars	Land	Buildings
Additions	-	0.01
Deletions / Adjustments	-	-
<b>Balance as on March 31,2021</b>	<b>-</b>	<b>0.25</b>
Additions	-	0.01
Deletions / Adjustments	-	-
<b>Balance as on March 31,2022</b>	<b>-</b>	<b>0.26</b>
<b>Net Block</b>		
<b>As at March 31,2021</b>	<b>1.15</b>	<b>0.08</b>
<b>As at March 31,2022</b>	<b>1.15</b>	<b>0.07</b>
Particulars	As at March 31	
	2022	2021
<b>2 : Property, plant and equipment</b>		
Gross Block	1,086.96	1,089.93
Less: Depreciation	(896.98)	(900.00)
<b>Net Block</b>	<b>189.98</b>	<b>189.93</b>
<b>2.1 : Right of use assets</b>		
Land	1.71	1.71
Less: Depreciation	(1.33)	(0.88)
<b>Total</b>	<b>0.38</b>	<b>0.83</b>
<b>2.2 : Capital Work-in-progress</b>		
<i>(Refer Note No.29 (A) (i))</i>		
<b>Capital Work in Progress -Tangible Assets</b>		
Balance as at beginning of the year	14.01	3.13
Add: Additions during the year	8.53	11.66
Less: Transfer to Property, Plant and Equipment (Note 2)	(3.90)	(0.78)
Less: Other Allocation/ Adjustment during the year,if any	(2.66)	-
Less: written off/de-recognised during the year,if any	(2.22)	-
	13.76	14.01
<b>Capital Goods in Transit</b>		
Balance as at beginning of the year	3.77	-
Add: Additions during the year	-	3.77
Less: Transfer to Property, Plant and Equipment (Note 2)	(3.77)	-
	-	3.77
<b>Total</b>	<b>13.76</b>	<b>17.78</b>

**Notes to the Standalone Financial Statements**

₹ Crores

Particulars	As at March 31	
	2022	2021
<b>4 : Financial Assets -Investments</b>		
<b>Unquoted Equity Instruments at FVTOCI</b>		
<b>(a) Indian Potash Limited</b>	249.63	202.75
15,84,000 Equity Shares (P.Y 15,84,000) of ₹ 10 each fully paid.		
<b>(b) Fortune Bio-Tech Ltd</b>	0.87	1.25
12,50,000 Equity shares (P.Y 12,50,000) of ₹ 10 each fully paid.		
Less: Expected Credit Loss Allowance	-	(1.25)
<b>Total</b>	<b>250.50</b>	<b>202.75</b>
<i>Aggregate Amount of unquoted investments</i>	250.50	202.75
<i>Aggregate Amount of impairment in value of investments</i>	-	1.25
<b>4.1.a : Loans (Non-current)</b>		
Advances to Employees		
Considered good- Unsecured	14.47	10.49
<b>Total</b>	<b>14.47</b>	<b>10.49</b>
<b>4.1.b : Loans (Current)</b>		
Advances to Employees		
Considered good- Unsecured	0.29	0.67
<b>Total</b>	<b>0.29</b>	<b>0.67</b>
<b>4.2.a : Other Financial Assets (Non-current)</b>		
Rental Deposits	0.28	0.28
<b>Total</b>	<b>0.28</b>	<b>0.28</b>
<b>4.2.b : Other Financial Assets (Current)</b>		
Receivables towards Rent/Services	5.94	0.34
Receivables towards Asset held for Sale	17.11	-
Security Deposits	0.42	0.32
Claims recoverable	2.32	2.11
Less: Expected Credit Loss Allowance	(1.01)	(1.01)
<b>Total</b>	<b>24.78</b>	<b>1.76</b>



## Notes to the Standalone Financial Statements

₹ Crores

Particulars	As at March 31	
	2022	2021
<b>5.1.a : Deferred Tax Assets/(Liability) (Net)</b>		
<b>A. Deferred Tax Asset</b>		
i. Expenditure allowable on payment basis	15.50	-
ii. Other timing differences	-	-
iii. Unabsorbed tax lossess	0.07	-
<b>TOTAL</b>	<b>15.58</b>	<b>0.00</b>
<b>B. Deferred Tax Liability</b>		
i. Depreciation	21.00	-
ii. Fair Value of Investments	19.63	-
iii. Other timing differences	0.12	-
<b>TOTAL</b>	<b>40.75</b>	<b>0.00</b>
<b>Total</b>	<b>(25.17)</b>	<b>0.00</b>
<b>5.1.b : Current Tax Assets/(Liability) (Net of Provision)</b>		
Income Tax Refunds	2.94	2.56
Advance Income Tax / Tax Deducted at Source	0.73	0.70
<b>Total</b>	<b>3.67</b>	<b>3.26</b>
<b>6 : Other Non-Current Assets</b>		
Deposits with government departments and others	17.70	13.91
Balances with customs, port trust and excise authorities	-	0.01
Lease equalization reserve	-	0.17
<b>Total</b>	<b>17.70</b>	<b>14.09</b>
<b>7 : Inventories</b>		
For Operations		
(a) Raw materials	62.54	74.15
Add : Raw materials in transit		
	<b>62.54</b>	<b>74.15</b>
(b) Work in progress	130.00	72.76
(c) Finished goods		
- Fertilizers	12.83	23.90
- Agro Chemicals		



**Notes to the Standalone Financial Statements**

₹ Crores

Particulars	As at March 31	
	2022	2021
(d) Stores and Spares	70.40	66.03
Add: Stores in transit	1.71	0.42
	<b>72.11</b>	<b>66.45</b>
(e) Loose tools		
(f) Catalysts		
- In use	1.24	4.48
- Not in use (available in Stores)	1.55	2.99
(g) Packing Materials	3.47	1.94
<b>Total</b>	<b>283.74</b>	<b>246.67</b>
<i>Includes</i>		
Amount of write down of inventories carried at NRV and recognized as expense	18.95	0.00
<b>8 : Trade Receivables (Current)</b> <i>(Refer Note No.29 (A) (ii))</i>		
<b>Towards Subsidy</b>		
(a) Considered Good Unsecured	976.78	268.36
<b>Towards Sale of Goods</b>		
(a) Considered Good Secured	6.86	5.05
(b) Considered Good Unsecured		
(c) Which have significant increase in credit risk		
(d) Credit Impaired	4.38	4.44
	11.24	9.49
Less: Expected Credit Loss Allowance	(4.38)	(4.44)
	<b>6.86</b>	<b>5.05</b>
<b>Total</b>	<b>983.64</b>	<b>273.41</b>
<i>Trade receivables are neither due from directors or other officers of the Company either severally or jointly with any other person, nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.</i>		
<b>9 : Cash and Cash Equivalents</b>		
Cash on hand		
<b>Balances with Banks</b>		
In Current Account		
In Deposit Account (Maturity < 3 months)	-	50.00
<b>Total</b>	<b>0.00</b>	<b>50.00</b>



## Notes to the Standalone Financial Statements

₹ Crores

Particulars	As at March 31	
	2022	2021
<b>9.a : Bank Balances other than Cash and Cash Equivalents</b>		
Magrin Money Depsoits	31.81	29.79
<b>Total</b>	<b>31.81</b>	<b>29.79</b>
<b>10 : Other Current Assets</b>		
<b>Unsecured, considered good unless otherwise stated</b>		
Prepaid expenses	15.34	14.56
GST Input Credit	124.50	94.49
Advances to Suppliers, Employees, etc.,	2.62	24.32
Dismantled/Scrapped Assets	0.00	-
Lease equalization reserve	-	0.62
	142.46	133.99
Less: Provision for un-utilised GST ITC	(46.56)	-
<b>Total</b>	<b>95.90</b>	<b>133.99</b>
Assets Held for Sales	0.00	0.00
<b>11 : Equity Share Capital</b>		
<b>Authorised :</b>	365.00	365.00
17,50,00,000 Equity Shares of Rs.10/- each	175.00	175.00
19,00,00,000 Preference Shares of Rs.10/- each	190.00	190.00
<b>Issued, Subscribed and paid-up :</b>		
16,11,01,300 Equity Shares of Rs.10/- each fully paid up	161.10	161.10
Forfeited Shares:		
20,76,600 Equity Shares of Rs.5/- paid up	1.04	1.04
<b>Total</b>	<b>162.14</b>	<b>162.14</b>

**a) Rights, preferences and restriction relating to each class of share capital:**

**Equity shares:** The Company has one class of equity shares having a face value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in the case of interim dividend.

In the event of liquidation of the Company, the shareholders will be eligible to receive remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

**Preference shares:** The Company has a class of preference shares having face value of Rs.10 per share with such rights, privileges and conditions respectively attached thereto as may be from time to time confirmed by the regulations of the company. No such preference shares are issued and outstanding as of March 31, 2022 (2021: Nil)

**Notes to the Standalone Financial Statements**

₹ Crores

Particulars	As at March 31	
	2022	2021
<b>b) Particulars of shareholders holding more than 5% shares of equity shares</b>		
<b>Equity shares of ₹ 10 each fully paid-up held by -</b>	<b>No.of Shares(%)</b>	<b>No.of Shares(%)</b>
<b>Promoter</b>		
Hon'ble President of India	95851700 (59.50%)	95851700 (59.50%)
Others		
Naffiran Intertrade Co. Ltd	41516500 (25.77%)	41516500 (25.77%)
Public (collectively)	25809700 (14.73%)	25809700 (14.73%)
No % change in the share holding of promoters		
<b>12 : Other Equity</b>		
<b>Other Reserves:</b>		
<b>Securities premium*</b>		
Opening balance	12.39	12.39
Addition / (utilization) during the period		
<b>Closing balance</b>	<b>12.39</b>	<b>12.39</b>
<b>Retained Earnings</b>		
<b>Opening Balance</b>	(1,080.71)	(1,083.58)
Add: Profit/ (Loss) for the year	162.05	2.87
<i>Other Comprehensive Income recognized directly in Retained Earnings</i>		
As per last Balance Sheet	210.95	179.41
Add/(Less) : During the year	27.79	31.54
<b>Total</b>	<b>(667.53)</b>	<b>(857.37)</b>
*Securities premium is used to record the premium received on issue of shares. It is utilized in accordance with the provisions of the Companies Act, 2013		
<b>13.1.a : Financial Liabilities -Borrowings (Non-current)</b>		
<b>Unsecured loans</b>		
Government of India ('GOI') loan	8.90	25.24
Term Loans from Bank	-	1.06
<b>Total</b>	<b>8.90</b>	<b>26.30</b>

GOI loans are obtained for revamp which is specifically to be used for the revamp of plant used to manufacture fertilizers, plan loan which is used for capital expenditure and non plan loans for the working capital needs of the Company. These are unsecured in nature. The loan carries a fixed rate of interest as below:

**Notes to the Standalone Financial Statements**

₹ Crores

Particulars	As at March 31	
	2022	2021
- Revamp loan - 7%		
- Plan loan - I Tranch @ 7%, II Tranch @ 12.50% and III Tranch @ 11.50%		
- Non plan loan - I Tranch @ 7% and II Tranch @ 15.50%		
The said loans were availed in the period 2003 to 2012 and are repayable in 10 equal annual instalments which begin after a moratorium period of 2 years. The current portion of GOI loans due within one year have been disclosed under Note 13.1.b		
<b>13.1.b : Financial Liabilities -Borrowings (current)</b>		
<b>Secured Loans</b>		
Cash credit from banks	251.99	95.93
Buyer's Credit	161.20	-
<i>(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.)</i>		
<b>Unsecured Loans</b>		
GOI loan - current portion:		
- Principal	545.35	529.00
- Interest accrued and due	766.40	711.82
Term Loans from Bank	1.06	12.73
<b>Total</b>	<b>1,726.00</b>	<b>1,349.48</b>
<b>13.2.a : Lease Liabilities (Non-current)</b>		
Land	0.07	0.61
<b>Total</b>	<b>0.07</b>	<b>0.61</b>
<b>13.2.b : Lease Liabilities (Current)</b>		
Land	1.06	1.59
<b>Total</b>	<b>1.06</b>	<b>1.59</b>
<b>13.3 : Other Financial Liabilities (Current)</b>		
Interest accrued but not due on loans	15.55	15.55
Statutory Dues	14.73	21.77
Dealer Deposits	95.43	89.49
Capital Creditors	4.79	3.78
Others	20.21	13.67
<b>Total</b>	<b>150.71</b>	<b>144.26</b>

**Notes to the Standalone Financial Statements**

₹ Crores

Particulars	As at March 31	
	2022	2021
<b>14.1.a Employee Benefit Obligation (Non-current)</b>		
<b>Provisions towards Employee Benefits : Non-current</b>		
Post Retirement medical benefits	1.50	1.95
Leave encashment	11.27	11.85
Service awards	0.52	0.43
Gratuity	28.16	26.28
<b>Total</b>	<b>41.45</b>	<b>40.51</b>
<b>14.1.b : Employee Benefit Obligation (Current)</b>		
<b>Provision towards Employee Benefits: Current</b>		
Post Retirement medical benefits	0.19	0.25
Leave encashment	5.60	3.05
Service awards	0.21	0.16
Gratuity	6.75	5.74
<b>Total</b>	<b>12.75</b>	<b>9.20</b>
<b>15 : Other Non- Current Liabilities</b>		
Rent received in advance	0.64	0.76
<b>Total</b>	<b>0.64</b>	<b>0.76</b>
<b>16 : Trade Payables</b>		
<i>(Refer Note No.29 (A) (iii))</i>		
Trade Payables		
Secured	251.16	204.93
Unsecured	57.58	82.81
-Total outstanding dues of micro enterprises and small enterprises	11.26	1.94
-Total outstanding dues of creditors other than micro enterprises and small enterprises	297.48	285.80
<b>Total</b>	<b>308.74</b>	<b>287.74</b>

**Secured against the following:**

Dues to IOC ₹ 251.16 Cr (March 31, 2021 ₹ 204.94 Cr) against Credit Limit of ₹ 120 Cr, for which first charge on property, plant and equipment is given for ₹ 50 Cr and an additional ₹110 Cr against bank guarantee.

**Notes to the Standalone Financial Statements**

₹ Crores

**Particulars****As at March 31**

	<b>2022</b>	<b>2021</b>
<b>17 : Other - Current Liabilities</b>		
Advance from Customers	20.26	25.82
Rent received in advance	0.12	0.13
GAIL - Pool Account*	120.42	0.00
<b>Total</b>	<b>140.80</b>	<b>25.95</b>
<i>*Amount Payable to GAIL (Pool Operator) on account of Gas Pool Account amounting to ₹ 120.42 Cr (CPLY Trade Receivable ₹ 22.08 Cr).</i>		
<b>18 : Revenue from Operations (Net)</b>		
<b>Sale of Products (Net of GST)</b>		
Manufactured Goods	328.78	374.92
Traded Goods	9.83	6.78
	<b>338.61</b>	<b>381.70</b>
Less: Rebates	(0.00)	(0.00)
<b>Net Sales</b>	<b>338.61</b>	<b>381.70</b>
<b>Subsidy from Government:</b>		
<b>Manufactured Goods-Urea Subsidy</b>		
Price Subsidy	1,878.82	1,057.08
Freight Subsidy	47.91	47.45
	<b>1,926.73</b>	<b>1,104.53</b>
<b>Manufactured Goods-NPK</b>		
Price Subsidy	32.67	38.10
Freight Subsidy	1.72	3.66
	<b>34.39</b>	<b>41.76</b>
<b>Traded Goods-City Compost</b>		
Price Subsidy	0.79	0.96
	<b>0.79</b>	<b>0.96</b>
<b>Other Operating Income:</b>		
Exchange Rate Fluctuation	-	2.00
Sale of Scrap	1.64	1.10
Rectification for Stores & Spares	-	0.74
<b>Total</b>	<b>2,302.16</b>	<b>1,532.79</b>

**Notes to the Standalone Financial Statements**

₹ Crores

**Particulars****Year ended March 31**  
**2022**                      **2021**

**Note :** The procedure for release of subsidy has been revised with the introduction of Direct Benefit Transfer (DBT) Scheme in a phased manner for all fertilizers. The revised procedure entails 100% payment of subsidy under DBT scheme on the basis of actual sale by the retailers to the beneficiaries on weekly basis through POS machines.

Pursuant to above procedure, pending sale of Urea, P&K fertilizer and City Compost totalling 19,175.535 MT and 472.181 MT respectively through POS machine to beneficiaries as on March 31,2022, subsidy of ₹ 71.80 Cr which has accrued on sale to dealers but shall become due for payment under DBT upon sale through POS machines has been recognized in the current period (CPLY quantities 49059 MT, 8595 MT and 1401 MT respectively and subsidy ₹ 115.30 Cr).

**19 : Other Income***Interest income under Effective Interest Method:*

From Bank and Others	2.20	2.05
Dividend Income - Non-Current Investments	0.63	0.40
Profit on sale of Property, Plant and Equipment (Net)	0.17	0.02
Insurance Claim	4.42	-
Rental Income	6.74	1.72
Provision No Longer required/Written Back of Accounts	15.91	-
Others*	1.64	3.08
<b>Total</b>	<b>31.71</b>	<b>7.27</b>

*\* Includes Liquidated damages and sale of tender documents***20 : Cost of Materials Consumed**

Opening Stock	74.15	67.82
Add: Purchases	1,492.46	939.67
Less:	1,566.61	1,007.49
Reclassification of Naphtha	-	(17.04)
Closing Stock	(62.54)	(74.15)
<b>Total</b>	<b>1,504.07</b>	<b>916.30</b>

**21 : Purchase Stock in Trade**

Agrochemicals	2.46	1.98
Organic manure	2.09	1.61
City compost	2.68	1.65
<b>Total</b>	<b>7.23</b>	<b>5.24</b>

**22 : Changes in Inventories**

Opening stock		
Finished goods	23.90	30.11
Work in progress	72.76	65.47
	<b>96.66</b>	<b>95.58</b>

**Notes to the Standalone Financial Statements**

₹ Crores

Particulars	Year ended March 31	
	2022	2021
Less : Closing stock		
Finished goods	(12.83)	(23.90)
Work in progress	(130.00)	(72.76)
<b>Total</b>	<b>(46.17)</b>	<b>(1.08)</b>
<b>23: Operating and Maintenance Expenses</b>		
Consumption of Stores, Spares & Packing materials	33.25	24.85
Power, Water & Fuel	241.44	202.12
<b>Repairs and maintenance</b>		
Plant and machinery	36.49	30.66
Bulidings	0.30	0.28
Computers & other assets	0.95	0.72
<b>Transportation and warehousing</b>		
Transportation and warehousing	71.56	72.44
Secondary freight	1.81	0.20
Warehouse rent	0.06	0.11
Insurance	8.30	8.63
Finished product handling	27.26	23.23
<b>Total</b>	<b>421.42</b>	<b>363.24</b>
<b>24: Employee Benefit Expenses</b>		
Salaries, wages and bonus	74.61	74.25
Contribution to provident and other funds	18.65	16.75
Welfare expenses	10.09	9.97
<b>Total</b>	<b>103.35</b>	<b>100.97</b>
<b>25: Finance Costs</b>		
<i>Interest on term loans:</i>		
From GOI	54.58	54.58
From Bank	13.82	21.73
<i>Other borrowings:</i>		
Interest expenses on		
Lease deposits	-	-
Dealer deposits	9.60	8.96
Trade Advances	-	-
Deferred Credit	6.12	5.10
Unwinding Financial Cost	0.16	0.33
Others*	8.83	14.89
<b>Total</b>	<b>93.11</b>	<b>105.59</b>

\* Includes interest on bills negotiation, cash discount given to customers & Penal interest to CISF dues



**Notes to the Standalone Financial Statements**

₹ Crores

Particulars	Year ended March 31	
	2022	2021
<b>26 : Depreciation and Amortisation Expenses</b>		
Depreciation - PPE & Investment Property	9.01	30.70
Depreciation - Right to Use (Lease)	0.44	0.44
<b>Total</b>	<b>9.45</b>	<b>31.14</b>
<b>27: Other Expenses</b>		
<b>Payment to statutory auditors</b>		
Statutory audit	0.08	0.04
Tax audit	0.02	0.01
Certification	0.16	0.10
<b>Others</b>		
Rent	0.39	0.40
Rates and taxes	0.99	0.37
Directors' expenses	0.05	0.00
Agro services/ information expenses	0.13	0.03
Advertising and publicity	0.10	0.20
Loss on sale of Naphtha (incl. Stock loss)	1.27	1.26
Exchange Rate Fluctuation	1.68	-
Bank charges	6.43	2.09
Security charges	3.67	3.36
Contract labour	2.40	2.07
Car rentals	1.10	1.26
Travel expenses	0.31	0.12
Postage and telecom expenses	0.21	0.27
Gain/Loss on derecognition of Property Plant and equipment	2.54	0.49
Provision for unutilised GST ITC	46.56	-
Provision for Sales Tax	1.79	-
CSR - Expenses	0.41	0.16
Miscellaneous expenses	4.40	3.56
<b>Total</b>	<b>74.69</b>	<b>15.79</b>
<b>28 : Other Comprehensive Income</b>		
<i>Items that will not be Re-classified to Profit and Loss</i>		
Fair Value Change of Non-Current Investments	46.50	22.95
Remeasurement of Defined Benefit plan	1.23	8.59
Less : Change in Asset Ceiling under para64(b) of IND AS 19	-	-
Less : Tax (expenses)/benefit on the above	(19.94)	-
<b>Total</b>	<b>27.79</b>	<b>31.54</b>



## Notes to the Standalone Financial Statements

₹ Crores

## Note No : 29

(A). Ageing Analysis for Capital work in progress, Trade Receivables and Trade Payables in accordance with the Schedule III of the Companies Act, 2013:

## i. Capital Work-in-Progress

(a) Ageing schedule of capital work in progress as on 31st March 2022 is given below :

Particulars	Amount in Capital Work in Progress for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	(2.05)	13.61	2.19	-	13.76
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>(2.05)</b>	<b>13.61</b>	<b>2.19</b>	<b>-</b>	<b>13.76</b>

(b) Ageing schedule of capital work in progress as on 31st March 2021 is given below :

Particulars	Amount in Capital Work in Progress for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	14.65	3.13	-	-	17.78
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>14.65</b>	<b>3.13</b>	<b>-</b>	<b>-</b>	<b>17.78</b>

(c) There are no capital work in progress, where the actual cost of an asset/project has already exceeded the estimated cost as per original plan or actual timelines for completion of an asset/project have exceeded the estimated timelines as per original plan as on 31st March, 2022 and 31st March, 2021.

## ii. Trade Receivables -Current

(a) Ageing schedule of trade receivables as on 31st March 2022 are as under:

Particulars	Receivables not due	Outstanding for following periods from due date of payments*					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>Towards Subsidy</b>							
(a) Considered Good Unsecured (A)	-	971.20	0.08	-	3.00	2.50	976.78
<b>Towards Sale of Goods</b>							
(a) Considered Good Secured	-	6.86	-	-	-	-	6.86
(b) Considered Good Unsecured	-	-	-	-	-	-	-
(c) which have significant increase in credit risk	-	-	-	-	-	-	-
(d) Credit Impaired- Disputed	-	-	-	-	-	4.38	4.38
	-	6.86	-	-	-	4.38	11.24
Less: Expected Credit Loss Allowance	-	-	-	-	-	(4.38)	(4.38)
(B)	-	6.86	-	-	-	-	6.86
<b>Total (A+B)</b>	-	<b>978.06</b>	<b>0.08</b>	<b>-</b>	<b>3.00</b>	<b>2.50</b>	<b>983.64</b>

\* Date of Transaction is considered as due date of payments



Notes to the Standalone Financial Statements

₹ Crores

(b) Ageing schedule of trade receivables as on 31st March 2021 are as under:

Particulars	Receivables not due	Outstanding for following periods from due date of payments*					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>Towards Subsidy</b>							
(a) Considered Good Unsecured (A)	-	235.35	8.78	6.98	14.14	3.11	268.36
<b>Towards Sale of Goods</b>							
(a) Considered Good Secured	-	5.05	-	-	-	-	5.05
(b) Considered Good Unsecured	-	-	-	-	-	-	-
(c) which have significant increase in credit risk	-	-	-	-	-	-	-
(d) Credit Impaired- Disputed	-	-	-	-	-	4.44	4.44
	-	5.05	-	-	-	4.44	9.49
Less: Expected Credit Loss Allowance	-	-	-	-	-	(4.44)	(4.44)
(B)	-	5.05	-	-	-	-	5.05
<b>Total (A+B)</b>	-	<b>240.40</b>	<b>8.78</b>	<b>6.98</b>	<b>14.14</b>	<b>3.11</b>	<b>273.41</b>

\* Date of Transaction is considered as due date of payments

iii. Trade Payables

(a) Ageing schedule of trade payables as on 31st March 2022 are as under :

Particulars	Unbilled Payables	Outstanding for following periods from due date of payments*				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
i) Outstanding dues of Micro Enterprises and Small Enterprises	0.94	10.32	-	-	-	11.26
ii) Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	23.57	262.17	6.16	0.59	4.39	296.88
iii) Disputed outstanding dues of Micro Enterprises and Small Enterprises	-	-	-	-	-	-
iv) Disputed outstanding dues of creditors other than Micro Enterprises and Small Enterprises	-	-	-	-	0.60	0.60
<b>Total</b>	<b>24.52</b>	<b>272.49</b>	<b>6.16</b>	<b>0.59</b>	<b>4.99</b>	<b>308.74</b>

\*Date of transaction is considered as due date of payment.



## Notes to the Standalone Financial Statements

₹ Crores

(b) Ageing schedule of trade payables as on 31st March 2021 are as under:

Particulars	Unbilled Payables	Outstanding for following periods from due date of payments*				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
i) Outstanding dues of Micro Enterprises and Small Enterprises	-	1.94	-	-	-	1.94
ii) Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	10.99	270.03	0.22	-	4.47	285.71
iii) Disputed outstanding dues of Micro Enterprises and Small Enterprises	-	-	-	-	-	-
iv) Disputed outstanding dues of creditors other than Micro Enterprises and Small Enterprises	-	-	-	-	0.09	0.09
<b>Total</b>	<b>10.99</b>	<b>271.98</b>	<b>0.22</b>	<b>-</b>	<b>4.56</b>	<b>287.74</b>

\*Date of transaction is considered as due date of payment.

**Note No : 29****(B). Information of goods Manufactured and Traded, Value of Production, Stocks, Consumption, Value of Imports Expenditure and Expenditure in Foreign Exchange :**

(a) Installed capacities:	March 31, 2022	March 31, 2021
	Quantity MT	Quantity MT
Ammonia	3,46,500	3,46,500
Urea	4,86,750	4,86,750
NPK	2,80,000	2,80,000
Bio fertilizers	400	400

(b) Production :	March 31, 2022	March 31, 2021
	Quantity MT	Quantity MT
Ammonia	2,95,171	2,83,664
Neam-Urea	5,03,900	4,80,865
NPK 17-17-17	24,125	53,565
Bio fertilizers	169.00	156.40



Notes to the Standalone Financial Statements

(c) Purchase of Stock in Trade :	March 31, 2022		March 31, 2021	
	Quantity MT	Amount (Rs. In Cr)	Quantity MT	Amount (Rs. In Cr)
Agro chemicals		2.46		1.98
Organic manure	6,832	2.09	5,046	1.61
City compost	10,634	2.68	6,403	1.66
	<b>17,466</b>	<b>7.23</b>	<b>11,449</b>	<b>5.24</b>

(d) Gross sales	March 31, 2022		March 31, 2021	
	Quantity MT	Amount (Rs. In Cr)	Quantity MT	Amount (Rs. In Cr)
<b>Manufactured product</b>				
Neem Urea	5,04,559	267.05	4,79,402	253.27
NPK 17-17-17	26,253	61.20	51,868	121.16
Carbon-di-oxide *	-	-	-	-
Bio Fertilizers	169	0.53	157	0.49
<b>Bought Fertilizers</b>				
Agro chemicals		3.75		3.06
Organic manure	6,832	3.11	5,046	2.30
City compost	10,634	2.97	6,403	1.43
	<b>5,48,447</b>	<b>338.61</b>	<b>5,42,876</b>	<b>381.70</b>

\* By Product

(e) Stocks	March 31, 2022		March 31, 2021	
	Quantity MT	Amount (Rs. In Cr)	Quantity MT	Amount (Rs. In Cr)
<b>(i) Opening stock</b>				
(a) Finished product				
Neem Urea	6,519	17.33	11,247	28.34
NPK 17-17-17	2,349	6.56	719	1.78
NPK 20-20-0-13	-	-	-	-
Bio Fertilizers	-	0.00	1	0.00
(b) Work in progress				
Manufactured products				
Ammonia	8,371	32.59	8,431	35.70
Urea-bulk	15,890	40.17	10,504	29.77
	<b>33,129</b>	<b>96.66</b>	<b>30,902</b>	<b>95.58</b>



## Notes to the Standalone Financial Statements

Note No.29 (B)....(Contd..)

(e) Stocks	March 31, 2022		March 31, 2021	
	Quantity MT	Amount (Rs. In Cr)	Quantity MT	Amount (Rs. In Cr)
<b>(ii) Closing stock</b>				
(a) Finished product				
Manufactured products				
Neem Urea	2,819	11.19	6,519	17.33
NPK 17-17-17	196	0.70	2,349	6.56
Bio Fertilizers	-	-	-	-
(b) Work in progress				
Manufactured products				
Ammonia	8,442	53.54	8,371	32.59
Urea-bulk	18,013	73.91	15,890	40.17
	<b>29,470</b>	<b>139.34</b>	<b>33,129</b>	<b>96.66</b>
(c) Stock losses				
Neem Urea	917	-	806	-
NPK 17-17-17	25	-	67	-

Particulars	March 31, 2022		March 31, 2021	
	%	Amount (Rs. In Cr)	%	Amount (Rs. In Cr)
<b>Indigenous</b>				
RLNG/ Naphtha		1443.72		789.82
Others		2.80		3.23
<b>Total ( % )</b>	<b>96</b>	<b>1446.52</b>	<b>84</b>	<b>793.05</b>
<b>Imported</b>				
Urea		14.73		33.17
Potash		16.75		37.69
Phosphoric Acid		26.07		52.39
<b>Total ( % )</b>	<b>4</b>	<b>57.55</b>	<b>16</b>	<b>123.25</b>
	<b>100</b>	<b>1504.07</b>	<b>100</b>	<b>916.30</b>
<b>Components and Spares</b>				
Imported ( % )	12	2.51	25	9.34
Indigenous ( % )	88	17.91	75	27.96
	<b>100</b>	<b>20.42</b>	<b>100</b>	<b>37.30</b>
<b>CIF value of imports</b>				
Raw materials		45.63		148.12
Components and spares		4.97		4.77
		<b>50.60</b>		<b>152.89</b>
<b>Expenditure in foreign currency</b>				
Books and periodicals		-		-
Travel (Business, Seminar, Conference, etc.)		-		-
		<b>0.00</b>		<b>0.00</b>



## Notes to the Standalone Financial Statements

Note No.29 (B)....(Contd..)

### (C). Analytical Ratios in accordance with the Schedule III of the Companies Act,2013:

Sl.No	Particular	Numerator	Denominator	As at March 31		Variance (in %)	Reason for Variance
				2022	2021		
a.	Current Ratio (in times)	Current Assets	Current Liabilities	0.61	0.41	49.59%	Substantial Increase in current assets due to the price subsidy receivable from Govt. of India for Neem Coated Urea.
b.	Debt-Equity Ratio (in times)	Total Debt (1)	Shareholder's Equity	-3.43	-1.98	73.31%	Increased working capital borrowings due to locking of funds in trade receivables.
c.	Debt Service Coverage Ratio (in times)	Earnings available for debt service (2)	Debt Service (3)	6.05	4.04	49.87%	Due to Increase in the Net Profit available for debt service of the company.
d.	Return on Equity (ROE) (%)	Net profit after taxes	Average Shareholders's Equity Capital	-26.99%	-0.40%	6600.96%	Due to Increase in the Net Profit and corresponding decrease in accumulated losses of the company.
e.	Inventory Turnover Ratio (in times)	Revenue from Operations (Excl. Subsidy Income)	Average Inventory	1.24	1.59	-21.91%	
f.	<b>Trade Receivables Turnover Ratio (in times)</b>						
	-Towards Sale of Goods	Net Credit Sales	Average Trade Receivables -Sale of Goods	56.72	17.23	229.20%	Decrease in Credit Sales.
	-Towards Subsidy	Revenue from Operations-Subsidy Income	Average Trade Receivables-Subsidy	3.15	3.05	3.26%	
g.	Trade Payables Turnover Ratio (in times)	Net Credit Purchase	Average Trade Payables	6.44	6.44	-0.09%	
h.	Net Capital Turnover Ratio (in times)	Revenue from Operations	Working Capital	-2.51	-1.42	76.82%	Due to blockage of funds in current assets and dependence on bank borrowings
i.	Net Profit Ratio (%)	Net profit after taxes	Revenue from Operations	7.04%	0.19%	3659.36%	Due increase production beyond Reassessed capacity and price subsidy for Neem Coated Urea.
j.	Return on Capital Employed (ROCE) (%)	Earning before interest and taxes	Capital Employed (4)	28.08%	30.66%	-8.41%	
k.	Return on Investments (ROI) (%) -Unquoted	Income generated from Investments	Average Investments	19307%	15599%	23.77%	

(1) Including lease liabilities

(2) Net profit after taxes + Non-Cash Operating Expenses + Interest + Other adjustments like loss on sale of PPE etc.,

(3) Including lease payments made during the year

(4) Tangible Network + Total Debt + Deferred Tax liabilities + Lease Liabilities



## Notes to the Standalone Financial Statements

### Note No.30: Other Notes forming part of Standalone financial statements

#### 1. Capital Commitment and Contingent/Disputed Liability

(₹ in Crores)

S.No	Particulars	As on March 31	
		2022	2021
A.	Estimated amount of the Contracts to be executed on Capital Account and not provided for (Net of Advances)	12.63	3.31
B.	Contingent Liabilities not provided for:		
1.	(a) In respect of - Letters of Credit and Bank Guarantees etc.,	277.36	143.83
2.	Claims against the Company not acknowledged as debt*	100.96	22.65
C.	Penal Interest on GOI Loans that demand may arise	275.35	241.35

\*Claims against the company not acknowledged as debt includes following:

- The Company has withheld payments of M/s Sri Krishna Lorry Service (SKLS) for non-supply of trucks. SKLS invoked arbitration proceeding and got an award in its favour for a sum of Rs 1.96 Cr and interest @ 18% from the date of the award. The company filed a petition against this award before the Hon'ble Madras High Court and is pending for adjudication. As per Arbitration award, the probable outflow to the company as at 31st March,2022 works out to ₹5.97 Crores (inclusive of interest of ₹4.01 Cr). (PY – ₹5.62 Cr. Interest component of ₹ 3.66 Cr).
- The Company suspended the supply of Carbon di-oxide (CO<sub>2</sub>) to SICGIL, since SICGIL defaulted in its payments as per the terms of the contract. SICGIL invoked arbitration proceeding and got an award in their favour for a loss of pay of ₹3.25 Cr after adjusting the amount due to the Company ₹0.03 Cr. along with the interest @18%. Further the arbitrator has awarded the company to reimburse the cost of arbitration of ₹0.08 Cr. with interest @ 6% to the SICGIL.

The company has filed a Petition against the award before Hon'ble Madras High Court, which got dismissed on 09.08.2021. Further, the company had preferred an appeal before the Bench of the Hon'ble Madras High Court, which got listed for hearing on 13.6.2022. As per Arbitration award, the probable outflow till 31st March,2022 works out to ₹6.44 Cr. (inclusive of interest of ₹3.10 Cr.) (PY ₹5.84 Cr. Inclusive of interest @₹2.50 Cr).

- In 2007 Pay Revision, GOI has increased the gratuity ceiling from ₹3.50 lakhs to ₹10.00 lakhs effective from 01.01.2007 whereas the Payment of Gratuity Act has amended only from 24.05.2010. In view of above, employees separated during the period 01.01.2007 to 30.04.2010 were paid gratuity reckoning the ceiling as ₹3.50 lakhs. Some of the employees separated during the above period filed appeal before the High Court of Madras for the differential Gratuity amounting to ₹2.85 Cr (PY – ₹2.85 Cr) and the matter is subjudice. The matter is stayed by the Hon'ble Madras High Court with an order that the enhanced Gratuity is not payable with retrospective effect based on SC order on the issue.
- As per the DPE guidelines on wage revision effective 01.01.2017, the package includes higher gratuity of ₹20 lakhs from that date. However the Company has not till date implemented the wage revision, the question of higher gratuity does not arise. The Company is paying the enhanced gratuity to all the employees who are separated from the Company after the amendment made in the payment of Gratuity Act with effect from 29.03.2018. Some





## Notes to the Standalone Financial Statements

employees have gone to labour court for enhanced gratuity amounting to ₹ 5.70 Cr (PY – Nil) for the period 01.01.2017 to 28.03.2018 which was dismissed by the Labour Court and separated employees have filed an appeal in Hon'ble High Court of Madras.

- e. Income tax department has raised a demand of ₹ 6.54 Cr (PY – ₹6.54Cr) on April 22, 2021 for the A.Y 2018-19 for which the Company has filed an appeal before CIT(Appeals) Chennai. However, the Department has adjusted the refund of A.Y 2019-20 and A.Y 2020-21 towards the said demand amounting to ₹ 0.99 Cr (including interest thereon). Further, the Income Tax Department has initiated the penalty proceedings and levied penalty of ₹ 20,000/- .
- f. In respect of Tax deducted at source (TDS), department has raised a demand due to short-deduction and/or short payment of ₹ 0.30 Cr (PY –Nil), for which the company is in the process of the rectification.
- g. ESI Authorities raised Demand Notice of
  - ₹ 0.62 Cr (PY – ₹ 0.62 Cr) towards interest and damages for the belated payment of ESI dues arising out of increase in wage ceiling. Out of which the Company has preferred an Appeal before ESI Court and obtained a stay by depositing a sum of ₹ 0.07 Cr. which is still pending.
  - ₹ 0.12 Cr (PY – ₹ 0.12 Cr) for belated payment of ESI dues of contract employees. The Company has obtained stay and the matter is pending before ESI Court.
- h. One of the employees of the company Mr M V Seshachary (E.No.2226) was dismissed and reinstated after the Court Order. The employee went to Court for payment of back wages. The Court ordered the Company to pay an amount of ₹ 0.63 Cr (PY – ₹ 0.63Cr) along with the interest @ 6% p.a. Against the order of the Court, the company has preferred an appeal before the Hon'ble High Court of Telangana. As per the Court Order, the Company has deposited ₹0.35 Cr as a pre-condition for the appeal, which is still pending.
- i. M/s.Keerthana Enterprises having canteen contract with the Company has filed the petition before MSME Counsel by claiming a dues of principal ₹0.31 Cr (PY-Nil)and interest of ₹0.09 Cr(PY – Nil) for the non-payment of dues as per the provisions of MSMED Act 2006. The company is of the view that there is no such liability.
- j. Department of Commercial Tax, Kerala has preferred an appeal against the Company for the AY 2009-10 and 2010-11 before the Hon'ble Supreme Court for considering the subsidy received from the Government as a part of turnover in order to levy the value added tax. The total tax demanded by the Department is ₹5.11 Cr inclusive of interest of ₹1.10 Cr (PY-Nil). The case is pending before the Court.
- k. Commissioner of Customs ordered the company for the differential customs duty of ₹65.86 Cr(inclusive of penalty and redemption fine of ₹32.88 Cr and ₹0.10 Cr) (PY-Nil) against which the company has filed a case before the CESTAT, South Zone, Chennai by depositing ₹0.05 Cr. The CESTAT has set aside the demand and remanded the matter to the original adjudicating authority to first decide the issue of jurisdiction after availability of decision of Hon'ble Supreme Court in the case of M/s. Mangli Impex. Against the said remanded order, Commissioner of Customs has filed Civil Miscellaneous Appeal (CMA) before Hon'ble High Court of Madras which is pending.
- l. The Company has requested GOI for waiver of Interest accrued and penal interest on GOI loans as a part of revival package. However, as per the office memorandum on 'Loans and Advances by the Central Govt.- interest rate and the other terms and conditions', in case of waiver of penal interest, the Company is under obligation to pay minimum penal interest of 0.25% p.a amounting to ₹ 25.03 Cr (PY – ₹ 24.13 Cr),which will arise in the year of waiver and the same has been included.



## Notes to the Standalone Financial Statements

- 2 Tamil Nadu Pollution Control Board (TNPCB) has issued a Show cause Notice for non-compliance of emission norms by levying an environmental compensation of ₹0.37 Cr. u/s 5 of the Environment (Protection) Act, 1986. The Company has represented the matter before the appropriate authority. Decision of the TNPCB is yet to receive.

### 3 Disclosure of Contingent Asset

The Company filed a recovery suit against M/s.Hastalloy India Ltd, having business transactions of supply of Uranus Rods amounting to ₹0.08 Cr. together with interest of ₹0.04 Cr. before Hon'ble Court of Principal District Judge at Tiruvallur . In 2007, the Court ordered the decree in favour of the company for an amount of ₹0.12 Cr, as claimed in the suit and to reimburse the cost of suit of ₹0.01 Cr. along with the interest @ 18% from the date of decree to till date of realization. Subsequently for transfer of decree necessary executive petition papers were filed in the District Court, Tiruvallur. Since the jurisdiction of supplier lies in Visakhapatnam, the Company initiated to transfer the executive petition for the recovery. Due to non-availability of virtual certainty of inflow to the company, it is disclosed as contingent asset.

### 4. Default in repayment of Loans

The Company defaulted in repayment of loan principal and interest on GOI loans as detailed below (₹ in Crores)

Particulars	Principal	Interest	Total
Revamp loans	122.30	159.52	281.82
Plan loans	385.93	568.90	954.83
Non plan loans	20.77	37.98	58.75
<b>Total</b>	<b>529.00</b>	<b>766.40</b>	<b>1295.40</b>

5. During the year, company has formed an internal committee for carrying out the physical verification of Property Plant & Equipment (PPE) and Stores & Spares. Based on the recommendation of committee, the company has written off Stores & Spares amounting to ₹ 0.17 Crores and PPE amounting to ₹ 0.32 Crores.
6. The Company based on internal technical evaluation, reassessed the estimates relating to the life of Plant & Machinery. On basis of technical evaluation, the Company has revised the useful life of following category of assets in range of 10 to 15 years from the respective dates of commissioning, with effect from April 01, 2021.
- a Assets forming part of Ammonia, Urea, Utilities, Maintenance, Bagging & Shipping & other related facilities except the assets of Feed Stock conversion project by 15 Years;
- b Assets forming part of NPK & its related facilities by 10 years.

The impact on depreciation due to extension of useful life is ₹ 23.08 Cr.

7. The NPK Train A and B are not in operation since 2005 whose Gross block is ₹29.19 Crores and carrying value as on 31<sup>st</sup> March,2021 is ₹2.22 Crores. During the previous year, the management has derecognized the assets from Property, Plant and Equipments (PPE) and classified under "Capital Work-in-progress" (CWIP) at its carrying value, as no future economic benefits flow to the company until refurbishment is undertaken as proposed by the management.

The Comptroller and Auditor General of India (C&AG) has issued a comment under Sec.143(6)(a) of the Companies Act,2013, on said de-recognition and classification.



## Notes to the Standalone Financial Statements

During the year, the company has formed a technical committee to assess the useful life of the Ammonia Plant, Urea Plant, NPK Plant and its related machineries. Based on the assessment, the committee concluded that the NPK A&B trains do not have any future viability to operate. Accordingly, the Technical Committees has recommend to Board to derecognize the assets forming part of the said plant.

The Board has approved the derecognition of NPK A&B train and its related assets. Accordingly, the company has derecognized the amount of ₹ 2.22 Crores and charged off to the statement of profit and loss account for the year ended 31<sup>st</sup> March, 2022.

### 8 Impairment of assets

A detailed valuation has been done by a reputed Chartered Engineer and valuer and as per his report no adjustment towards impairment loss is considered necessary by the Company as on 31.03.2022. Net selling price of the major Plant and equipment has been assessed against the book value on that date is detailed below :

(₹ in Crores)

Plant	As on March 31, 2022		As on March 31, 2021	
	Net selling price	Book Value	Net selling price	Book Value
Ammonia	340.91	140.58	381.50	138.83
Urea	83.00	22.78	81.57	23.70
NPK*	3.63	0.99	12.12	3.34
Utilities	33.16	9.46	32.47	8.84

(\* represents CY 'C' train, PY 'AB&C' train)

### 9. Inventories

As per Ind AS-2, 'Valuation of Inventories', materials and other supplies used in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when there has been a decline in the price of materials and it is estimated that the cost of the finished products will exceed net realizable value, the materials are written down to net realizable value.

The Carrying amount of stores and spares are to be treated as NRV.

During the year, following inventories are valued at net realizable value and the impact on the Statement of Profit and Loss for the year is as under:

(₹ in Crores)

Category	As on March 31, 2022	As on March 31, 2021
<b>Finished Products</b>		
<b>Urea</b>		
@ Plant	1.12	-
@ Warehouse	0.37	-
<b>NPK 17-17-17</b>		
@ Plant	0.02	-
@ Warehouse	0.02	-
<b>Work in progress</b>		
Urea (Unbagged)	9.75	-
Ammonia	7.67	-
<b>Total</b>	<b>18.95</b>	<b>-</b>

Further, the probable value of subsidy factored in closing stock of fertilizers, which are at net realizable value as on 31<sup>st</sup> March, 2022 is ₹ 81.25 Cr.(PY- Nil)



## Notes to the Standalone Financial Statements

10. Exchange rate fluctuation included in other expenditure is ₹ 1.68 Cr(Previous year gain ₹ 2.00 Cr)
11. Till FY 2020-21, the company has not recognised any deferred tax expense or current expense in lieu of carried forward business losses and unabsorbed depreciation. However, during the year the entire carried forward losses have been offset with the current year's profit.

During the year, the Company opted to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as promulgated by the GOI vide the Taxation Laws (Amendment) Ordinance, 2019 and has taken 25.17% (Income tax 22%+Surcharge 10% + Health & Higher Education Cess 4%) rate of corporate tax in its accounts.

Accordingly, the company has considered the said rate for the tax expenses for the year. Being an initial year of recognition, the Company has measured its deferred tax assets/ liabilities on the basis of the above option.

Further, due to availability of carried forward losses, the company has not recognised any current tax expenses for the year.

(₹ in Crores)

Particulars	As at March 31	
	2022	2021
Profit before Tax	166.72	-
Applicable Tax Rate	25.17%	34.94%
Computed Tax Expenses	41.96	-
<b>Tax Effect of :</b>		
Income not subject to tax	(2.86)	-
Expenses Disallowed	(1.69)	-
Expenses allowed on payment basis	0.90	
Carried Forward Losses Utilised	(38.31)	-
Other permanent differences	-	
<b>Current Tax Expense(A)</b>	(0.00)	-
Deferred Tax (Liability) on account of Property, Plant and Equipment's	(20.99)	-
Deferred Tax Asset / (Liability) on account of Financial Assets, Financial liabilities and Other Items	(4.25)	-
Deferred Tax Asset on account on unabsorbed carry forward losses	0.07	-
<b>Deferred Tax Expense (B)</b>	(25.17)	-
<b>Adjustment in respect of current income tax of previous year (C)</b>	-	-
<b>Tax Expenses recognised in Statement of Profit and Loss (A+B+C)</b>	(25.17)	-
<b>Effective Tax Rate</b>	0.00%	0.00%



## Notes to the Standalone Financial Statements

Movement in Deferred Tax Expenses during the year :

(₹ in Crores)

Particulars	Opening Balance 01.04.2021	Recognized in P&L	Recognized in OCI	Closing Balance 31.03.2022
<b>Deferred Tax Asset</b>				
Expenditure allowable on payment basis	-	15.81	(0.31)	15.50
Other timing differences	-	-	-	-
Unabsorbed tax losses	-	0.07	-	0.07
<b>Total</b>	-	<b>15.89</b>	<b>(0.31)</b>	<b>15.58</b>

<b>Deferred Tax Liability</b>				
Depreciation	-	20.99	-	20.99
Revaluation of FVTOCI Investments to Fair value	-	-	19.63	19.63
Other timing differences	-	0.12	-	0.12
<b>Total</b>	-	<b>21.12</b>	<b>19.63</b>	<b>40.75</b>
<b>Net Deferred Tax Asset/(Liability)</b>	-	<b>(5.23)</b>	<b>(19.94)</b>	<b>(25.17)</b>

Deferred tax assets and liabilities have been offset wherever the company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the year in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making the assessment.

Based on the level of historical taxable income and projections for future taxable income over the years in which the deferred income tax assets are deductible, management believes that the company will realize the benefits of those deductible differences. The amount of deferred income tax assets considered realizable could be reduced in the near term if estimates of future taxable income during the carry forward periods are reduced.

12. The Company has initiated the GST Input Credit Reconciliation process by appointing an external consultant, in view of the qualification made by the statutory auditors in their audit report for the standalone financial statements for the year ended 31<sup>st</sup> March, 2021. The reconciliation is still under process and as a prudent measure, the company has provided for the unutilized GST ITC amounting to ₹ 46.56 Cr, towards the difference between books of accounts and E-Credit Ledger as at 31<sup>st</sup> March, 2022.
13. Entry tax of ₹ 2.52 Cr provided for payment during the years 2013-14 to 2017-18, has not been remitted, since the appeal filed by ITC Ltd. against the Tamil Nadu Government in this regard, has not been disposed off. The said amount is retained as provision in the books of accounts by the Company for payment, when demanded.
14. Payment of ITC-VAT others of ₹ 2.51 Cr, provided in the books for the period 2009-10 to 2017-18, towards ITC availed on sale of by-product Carbon-di-oxide, an amount of ₹ 2.10 Cr pertaining to the period from 2009-10 to 2014-15, has been written back based on the opinion of the Independent Tax consultant.



## Notes to the Standalone Financial Statements

15. Tax u/s 3(4) of the TNGST Act, 1959 of ₹ 7.78 Cr for the period 2002-03 to 2005-06, provided for, represents the differential tax worked out by the company based on demand made by the Commercial tax authorities in earlier years, by deviating from the normally adopted formula followed by the authorities up to 2001-02. The entire amount has been written back based on the opinion of the Independent Tax consultant.

### 16 Related Party Disclosures

#### a Name of the Related Parties and their relationship:

Name of the Related Party	Nature of Relationship	Tenure From
Shri U Saravanan	Chairman and Managing Director	01.11.2018
Shri K Gurumurthy	Director – GOI Nominee	29.09.2021
Shri Mohammad Bagher Dakhili	Director – NICO Nominee	18.02.2017
Mrs.Samieh Kokabi	Director - NICO Nominee	10.02.2021
Shri Babak Bagherpour	Director - NICO Nominee	23.10.2018
Shri Harsh Malhotra	Director – Technical	22.07.2019
Shri NalabothuVenkata Rao	Independent Director	05.11.2021
Dr C R Jayanthi	Independent Director	28.12.2021
Shri Sanjay Shetye	Independent Director	31.12.2021
Shri Priya Ranjan Panda	General Manager Finance (a/c)	01.07.2020
Shri Priya Ranjan Panda	Company Secretary & Compliance Officer (Incharge)	14.09.2021
Dr Girish Kumar	Company Secretary	Upto13.09.2021
MFL Employees Contributory Provident Fund Trust	Employee benefit trusts managed by MFL	01.04.1967

#### b) Transaction with Key Management Personnel:

(₹ in Crores)

Particulars	For the year ended 31 March,2022	For the year ended 31 March,2021
Short-term employee benefits	1.15	1.16
Post-employment benefits	0.24	0.24
Compensated absences	-	-
Other long-term benefits	-	-
Total Compensation	1.39	1.40



## Notes to the Standalone Financial Statements

c) Related party transactions other than those with key management personnel:

(₹ in Crores)

Particulars	For the year ended 31 March,2022	For the year ended 31 March,2021
<b>Transaction During the Year</b>		
<b>Contributions</b>		
MFL Employees Contributory PF Trust	5.76	5.79

d) **Entities under the control of same government:**

Government of India (GOI) as on 31st March 2022 is holding 59.50% equity shares of the company, which is held by President of India through Ministry of Chemicals & Fertilizers. GOI controls the company through Ministry of Chemicals & Fertilizers.

The company has made various transactions with entities being controlled or jointly controlled or having significant influence of the Ministry of Petroleum & Natural Gas.

The transactions and balances with them are as under :

(₹ in Crores)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
<b>Transaction During the Year</b>		
<b>Purchase and payment for goods and services</b>		
Indian Oil Corporation Limited	1,477.15	963.77
Chennai Petroleum Corporation Limited		
– Deposit for Purchase of Hydrogen	0.12	0.44
– Purchase of Hydrogen	0.01	0.12
– Naphtha Sales	14.50	-
<b>Leases</b>		
Chennai Petroleum Corporation Limited		
– Lease Rental Income	6.21	1.64
– Security deposit received towards Lease	1.21	-

<b>Outstanding Balances as at the year end</b>		
Chennai Petroleum Corporation Limited		
- Receivables	22.89	0.21
-Deposit for purchase of Hydrogen	0.42	0.32
-Security deposit received towards lease	4.01	2.80
Indian Oil Corporation Limited-Payable	251.42	205.04



## Notes to the Standalone Financial Statements

### 17. Leases

#### a. Operating Leases:

##### i. As a Lessee:

#### Movement of Lease Liabilities :

(₹ Cr)

Particulars	2021-22	2020-21
Opening Lease Liabilities	2.20	3.21
Additions	-	-
Finance cost accrued during the period	0.16	0.33
Payments of Lease Liabilities	(1.23)	(1.33)
<b>Closing Lease Liabilities</b>	<b>1.13</b>	<b>2.21</b>

The details of the contractual maturities of lease liabilities as at March 31, 2022 & 2021 on an undiscounted basis are as follows:

(₹ Cr)

Particulars	March 31, 2022	March 31, 2021
Less than One Years	0.57	1.50
One to five years	0.07	0.65
More than five years	-	-
<b>Total</b>	<b>0.65</b>	<b>2.15</b>

Rental expenses recorded for short-term leases were ₹ 0.17Cr for the year ended March 31, 2022 (PY ₹ 0.16Cr).

##### ii. As a Lessor:

Rental income on operating leases of the spaces rented out to CPCL are included under 'Rent' in 'Other Income'. The future lease rent receivable over the remaining contract period for each of the following periods are :

(₹ Cr)

Particulars	March 31, 2022	March 31, 2021
Less than one year	3.37	1.19
Between one and five years	17.05	5.69
More than five years	1.81	4.02





## Notes to the Standalone Financial Statements

Details of Property taken on Lease/ Leased out:

Description of Property	Leased to	Period of Lease	Basis of Lease
Triangle Plot –Manali	Chennai Petroleum Corporation Limited	20 years from 01.08.2008	8% of Guideline Value & escalated @ 8% every year
LPG Pipeline		10 years from 01.04.2017	14% of Guideline Value & escalated @ 12% every year
Bio Fertilizer Vijayawada	Hayagreeva Bio Organics Pvt Ltd	5 years	Approx. 5% escalated every year
Description of Property	Leased from	Period of Lease	Basis of Lease
Land for TTP & RO Plant	CMWSSB	33 years from 18.05.1989	14% of Guideline Value & escalated @ 12% every year
Open Space	Chennai Port Trust	5 years	Approx. 5% escalated every year

18. 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. However, the MOU is yet to be signed.

Further, the Board of Directors of the company in its 315<sup>th</sup> meeting dated 3<sup>rd</sup> February 2021 approved for further extension of lease which is going to expire in 2022 for another 33 years.

### 19. Disclosure on Investment Property:

a The Management classifies the Asset which are held for rental incomes or surplus assets for capital appreciation under investment property.

b (₹ Cr)

Particulars	March 31, 2022	March 31, 2021
Rental Income	0.04	0.04
Direct proportionate operating expenses relating to rental income*	0.00	0.00
Depreciation	0.01	0.01

\* in rupees is ₹ 23,288/- for the current and comparative period respectively.

### c Fair Valuation:

Investment Property at Bio Fertilizers Plant in Vijayawada is valued on the basis of market value of the Property by an independent Chartered Engineer and Investment property at Manali is valued based on Government Guideline value. Fair values for the investment properties are as follows:



## Notes to the Standalone Financial Statements

(₹ in Crores)

Particulars	March 31,2022	March31,2021
Vijayawada Bio Building	0.16	0.15
Vijayawada Bio Land	5.26	4.78
Land Rented to CPCL	-	-
Surplus Land at Manali	276.34	276.34
Vacant Land in Manali New Town	12.98	12.98
Vacant Land in Gujarat	0.05	0.05
Vacant Land in Guindy	43.77	43.77

20. The Company has 70 acres of surplus land at Manali, which has been approved by the shareholders through special resolution during the FY 2019-20. Initially, CPCL has shown its interest to purchase the entire 70 acres of land. Later on, CPCL has conveyed its willingness to purchase 4.98 acres of land only. Accordingly, the company has classified the 4.98 acres of Manali land under "Assets held for Sale" amounting to ₹ 18,484/-, whose fair value as on the March 31,2022 is ₹ 21.17Cr.

For the remaining 65.02 acres of surplus land, the company has made communication to all the PSUs and Government of Tamilnadu, the availability of land for sale. The company decided to classify the 65.02 acres of land under "Investment Property" due to lack of marketability of the land and the same was informed to DIPAM for further action.

Further, during the 310<sup>th</sup> Board Meeting, the Board of Directors approved for sale of Guindy property having an area of 19 grounds & 1064 sq.ft, subject to approval of Dept.of Fertilizers, Govt. of India and Shareholders. Pending approval from the shareholders, the same is retained under "Investment Property". During the year, the Board has approved appointment of NBCC (India) limited as a land management agency for said property for which MOU is yet to be entered.

- 21 The unused Naphtha lying in inventory not required for operation, since the Company has converted its feedstock to RLNG during the FY 2019-20 has been reclassified as "Assets held for sale". A committee has been formed to look into the marketability of the product. On recommendations of the committee, during the year the company sold back the balance quantity (ie.,3,536.79 MTs) of Naphtha to M/s Chennai Petroleum Corporation Limited @ ₹ 41,030/MT, which is 90% of Purchase price less cost of dispatch (i.e.₹ 500/MT).

Accordingly, the company has booked a loss of ₹ 1.27 Cr towards stock loss (ie., 3,799 MTs to 3,536.79 MTs), reduction in sale price and cost of dispatch, which is charged off in the Statement of Profit and Loss Account.

## 22 Employee Benefit Expenses

### Defined Benefit Plans:

The Company has floated the following defined benefit plans i) Gratuity, ii) Post-retirement medical benefits, iii) Compensated absences, iv) Service awards and v) Contribution to Provident Fund trust.

### Funding:

Gratuity is the only defined benefit plan that is funded by the Company. The funding requirements are based on the fund's actuarial measurement framework set out in the funding policies of the plan. The funding of the plan is based on a separate actuarial valuation for funding purpose.



## Notes to the Standalone Financial Statements

The Company has determined that in accordance with the terms and conditions of the defined benefit plan, and in accordance with statutory requirements, the present value of refunds or reductions in future contributions is not lower than the balance of the total fair value of the plan asset less the total present value of obligations.

### Movement in net defined benefit (Asset) / Liabilities

#### 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. This defined benefit plan exposes the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Every employee who has rendered continuous service of five years or more is entitled to gratuity at 15 days salary (15/26 \* last drawn basic salary plus dearness allowance) for each completed year of service subject to a ceiling of ₹ 0.20 Cr on superannuation, resignation, termination, disablement or on death. The Company has carried out actuarial valuation of gratuity benefit considering the enhanced ceiling.

#### Other Benefits

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. These are unfunded plans.

(₹ in Crores)

Particulars	Defined benefit Obligations		Fair value of plan asset		Net defined benefit (asset) liability	
	2022	2021	2022	2021	2022	2021
<b>Gratuity</b>						
<b>Balance as at April 1</b>	49.09	50.75	17.06	17.44	32.03	33.31
<b>Included in profit and loss</b>						
Current service cost	1.81	1.83	-	-	1.81	1.83
Interest cost	3.37	3.47	-	-	3.37	3.47
Interest income	-	-	1.07	1.07	(1.07)	(1.07)
Benefits paid	(4.36)	(5.00)	(4.36)	(5.00)	-	-
Contributions made	-	-	0.14	0.04	(0.14)	(0.04)
<b>Included in OCI</b>						
Net actuarial (gain)/loss and interest	(1.31)	(1.96)	(0.22)	3.51	(1.09)	(5.47)
<b>Balance at March 31</b>	<b>48.60</b>	<b>49.09</b>	<b>13.69</b>	<b>17.06</b>	<b>34.91</b>	<b>32.03</b>
<b>Earned leave encashment</b>						
<b>Balance as at April 1</b>	14.89	16.55	-	-	14.89	16.55
<b>Included in profit and loss</b>						
Current service cost	2.36	2.07	-	-	2.36	2.07
Interest cost	0.98	1.12	-	-	0.98	1.12
Interest income	-	-	-	-	-	-
Benefits paid	(1.87)	(1.89)	-	-	(1.87)	(1.89)
<b>Included in OCI</b>						
Net actuarial (gain)/loss and interest	0.50	(2.96)	-	-	0.50	(2.96)
<b>Balance at March 31</b>	<b>16.86</b>	<b>14.89</b>	<b>-</b>	<b>-</b>	<b>16.86</b>	<b>14.89</b>



## Notes to the Standalone Financial Statements

(₹ in Crores)						
Post-retirement medical benefits						
<b>Balance as at April 1</b>	2.19	2.25	-	-	2.19	2.25
Included in profit and loss						
Current service cost	0.04	0.05	-	-	0.04	0.05
Interest cost	0.16	0.16	-	-	0.16	0.16
Interest income	-	-	-	-	-	-
Benefits paid	-	-	-	-	-	-
<b>Included in OCI</b>						
Net actuarial (gain)/loss and interest	(0.69)	(0.27)	-	-	(0.69)	(0.27)
<b>Balance at March 31</b>	<b>1.70</b>	<b>2.19</b>	-	-	<b>1.70</b>	<b>2.19</b>
Service award						
<b>Balance as at April 1</b>	0.59	0.40	-	-	0.59	0.40
<b>Included in profit and loss</b>						
Current service cost	0.06	0.05	-	-	0.06	0.05
Interest cost	0.04	0.03	-	-	0.04	0.03
Interest income	-	-	-	-	-	-
Benefits paid	-	-	-	-	-	-
<b>Included in OCI</b>						
Net actuarial (gain)/loss and interest	0.04	0.11	-	-	0.04	0.11
<b>Balance at March 31</b>	<b>0.73</b>	<b>0.59</b>	-	-	<b>0.73</b>	<b>0.59</b>

Particulars	March 31, 2022	March 31, 2021
<b>Represented by:</b>		
<i>Net defined benefit liability</i>		
- Gratuity	34.91	32.03
- Earned leave encashment	16.86	14.89
- Post-retirement medical benefits	1.70	2.19
- Service award	0.73	0.59

## I Plan assets

Plan assets comprises the followings :

Particulars	March 31,2022	March 31,2021
Equity securities	30%	30%
Government bonds	70%	70%



## Notes to the Standalone Financial Statements

### II. Actuarial Assumptions

The following are the principal actuarial assumptions for the gratuity plan at the reporting date :

Particulars	March 31,2022	March 31,2021
Discount rate per annum	7.00%	7.19%
Expected return per annum on plan asset	7.00%	7.19%
Salary escalation per annum	5.00%	5.00%
Mortality	IALM (2012-14) U	IALM (2012-14) U

The following are the principal actuarial assumptions for the other defined benefit plans at the reporting :

Particulars	Earned leave encashment		Post -Retirement medical benefits		Service award	
	March 31,		March 31,		March 31,	
	2022	2021	2022	2021	2022	2021
Mortality table (before retirement)	IALM (2012-14) U	IALM (2012-14) U	IALM (2012-14) U	IALM (2012-14) U	IALM (2012-14) U	IALM (2012-14) U
Mortality table (after retirement)	NA	NA	U	U	NA	NA
Discount rate	7.00%	7.19%	7.00%	7.19%	7.00%	7.19%
Inflation rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

The estimates of salary escalations considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Further, the expected return on plan assets is determined considering several applicable factors mainly the composition of plan assets held, assessed risk of asset management and historical returns from plan assets.

### III Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below :

(₹ in Crores)

Particulars	March 31,2022		March 31,2021	
	Increase	Decrease	Increase	Decrease
<b>Gratuity</b>				
Discount rate (+/- 100 BP)	46.86	50.48	47.19	51.15
Salary escalation per annum (+/- 100 BP)	49.71	47.54	50.36	47.79
Mortality (+/- 10%)	48.61	48.61	49.10	49.10
Attrition rate (+/- 100BP)	48.77	48.41	49.28	48.88
<b>Earned leave encashment</b>				
Discount rate (+/- 100 BP)	16.01	17.80	14.21	15.63
Salary escalation per annum (+/- 100 BP)	17.77	16.02	15.61	14.21
Mortality (+/- 10%)	16.87	16.87	14.90	14.90
Attrition rate (+/- 100BP)	16.91	16.81	14.92	14.87



Notes to the Standalone Financial Statements

(₹ in Crores)

Post -Retirement medical benefits				
Discount rate (+/- 100 BP)	1.63	1.77	2.11	2.29
Salary escalation per annum (+/- 100 BP)	-	-	-	-
Mortality (+/- 10%)	1.70	1.70	2.20	2.20
Attrition rate (+/- 100BP)	1.70	1.70	2.20	2.19
Service award				
Discount rate (+/- 100 BP)	0.71	0.75	0.57	0.61
Salary escalation per annum (+/- 100 BP)	-	-	-	-
Mortality (+/- 10%)	0.73	0.73	0.59	0.59
Attrition rate (+/- 100BP)	0.73	0.72	0.60	0.58

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. This analysis may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Expected maturity analysis of the defined benefit plans in future years

(₹ in Crores)

Particulars	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
<b>31 March 2022</b>					
- Gratuity	8.43	6.70	16.73	16.74	<b>48.60</b>
- Earned leave encashment	2.83	2.10	5.10	6.83	<b>16.86</b>
- Post- retirement medical Benefits	0.25	0.21	0.56	0.68	<b>1.70</b>
- Service award	0.11	0.13	0.27	0.22	<b>0.73</b>
<b>Total</b>	<b>11.62</b>	<b>9.14</b>	<b>22.66</b>	<b>24.47</b>	<b>67.89</b>
<b>31 March 2021</b>					
- Gratuity	6.02	7.49	17.38	18.20	<b>49.09</b>
- Earned leave encashment	1.87	2.47	5.39	5.16	<b>14.89</b>
- Post-Retirement medical benefits	0.24	0.31	0.76	0.88	<b>2.19</b>
- Service award	0.09	0.10	0.22	0.18	<b>0.59</b>
<b>Total</b>	<b>8.22</b>	<b>10.37</b>	<b>23.75</b>	<b>24.42</b>	<b>66.76</b>

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (31 March 2021: 10 years)



## Notes to the Standalone Financial Statements

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.

### Provident Fund and Superannuation Fund:

The net amounts expended in respect of employer's contribution to the provident fund and superannuation fund during the year, are ₹ 5.76 Cr (Previous year ₹ 5.79 Cr) and ₹ 6.60 Cr (Previous year ₹ 7.00 Cr) respectively.

- 23 The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its Standalone financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

### 24 Financial Instruments - Fair Value Disclosures

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used):

(₹ in Crores)

Financial Assets / Financial Liabilities	Fair value as at		Fair Value hierarchy	Valuation techniques & key inputs used
	March 31, 2022	March 31, 2021		
Investments in unquoted equity Instruments at FVTOCI				
Indian Potash Ltd	249.63	202.75	Level-3	Refer Note Below
Fortune Biotech P Ltd	0.87	-	Level-3	Refer Note Below

### Note:

#### Unquoted Equity shares

The fair value of the unquoted equity shares has been estimated at Net Book Value model based on the latest available audited consolidated financial statements of M/s Indian Potash Limited and Standalone Financial Statements of M/s Fortune Biotech Limited (FBL).

Upto FY 2020-21, the investment in M/s Fortune Biotech Limited was provided in full due to erosion of Net Worth. During the year, since FBL's Net Worth is positive, the fair valuation of investment is assessed based on the Net Book Value model.

#### Fair value of financial assets and financial liabilities that are equivalent to it carrying amount which are subsequently measured at amortized cost:

The Management assessed that, trade receivables, cash and cash equivalents, trade payables, borrowings and other financial assets and liabilities, fair values approximate, their carrying amounts largely due to the short-term maturities of these instruments.



## Notes to the Standalone Financial Statements

(₹ in Crores)

Description	Fair value hierarchy	As at March 31, 2022		As at March 31, 2021	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>A. Financial Assets</b>					
Loans	NA	14.76	14.76	11.16	11.16
Trade receivables	NA	983.64	983.64	273.41	273.41
Cash and cash equivalents	NA	0.00	0.00	50.00	50.00
Bank Balances other than cash & cash equivalents	NA	31.81	31.81	29.79	29.79
Other financial assets	NA	25.06	25.06	2.04	2.04
<b>B. Financial Liabilities</b>					
Borrowings	NA	1,734.90	1,734.90	1,375.78	1,375.78
Trade payables	NA	308.74	308.74	287.74	287.74
Lease Liabilities	NA	1.13	1.13	2.20	2.20
Other financial liabilities	NA	150.71	150.71	144.26	144.26

- i During the year, there are no financial instruments which are measured at Level 1 and Level 2 category.
- ii Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

**Reconciliation of Level 3 fair value measurements**

(₹ in Crores)

Description	March 31, 2022	March 31, 2021
Opening Balance	202.75	179.80
Add : Withdrawal of Provision Made	1.25	-
Add - Fair value gain/(loss) recognized in OCI	46.50	22.95
Closing Balance	250.50	202.75

**25 Capital Management:**

For the purpose of the Company's Capital management, capital includes equity capital and all other reserves. The Company's capital management objective is to maximize the total shareholder return by optimizing cost of capital through flexible capital structure that supports growth.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings less cash and short-term deposits.





## Notes to the Standalone Financial Statements

**Gearing Ratio:**

(₹ in Crores)

Particulars	March 31, 2022	March 31, 2021
Debt (Incl. Lease Liabilities)	1,736.03	1,377.98
Less: Cash and bank balances	31.81	79.79
<b>Net debt</b>	<b>1,704.22</b>	<b>1,298.17</b>
Total equity	(505.39)	(695.23)
<b>Net debt to total equity ratio</b>	<b>-</b>	<b>-</b>

### 26 Financial Risk Management

In course of its business, the Company is exposed to certain financial risks that could have significant influence on the Company's business and operational / financial performance. These include market risk (including currency risk, interest rate risk and equity price risk), credit risk and liquidity risk.

The Board of Directors reviews and approves risk management framework and policies for managing these risks and monitors suitable mitigating actions taken by the management to minimize potential adverse effects and achieve greater predictability to earnings.

Borrowings, trade payables and other financial liabilities constitute the Company's primary financial liabilities and investment in unquoted equity shares, trade receivables, loans, cash and cash equivalents and other financial assets are the financial assets.

#### a Credit Risk

##### Trade receivables

Credit risk refers to the risk of default on the receivables to the Company that may result in financial loss. The maximum exposure from trade receivables amounting to ₹ 983.64 Cr as of March 31, 2022 (₹ 273.41 Cr as of March 31, 2021).

Trade receivables mainly constitute subsidy receivable from Government of India and from sale of manufactured and traded fertilizers to dealers. As far as Government portion of receivables is concerned, risk of default is nil or insignificant. Credit risk is being managed through credit approvals, establishing credit limits and monitoring the credit worthiness of customers to allow credit terms in the normal course of business. In the case of the Company, the credit period offered varies between 30 to 60 days and there have been no significant cases of impairment historically.

##### Investment in unquoted equity shares

The Company has an investment in unquoted equity shares of Indian Potash Limited and Fortune Bio-Tech Limited. For Indian Potash Limited, the Company does not expect any losses from non-performance by the investee and hence no impairment is recognized whereas with respect to Fortune Bio-tech Limited, the company expects loss from non-performance by the investee. Accordingly, the company has provided impairment allowance fully in earlier years which was assessed during the year and to the extent of the book value, fair valuation is made in the books.

##### Loans and Advances

The company provides loans / advances to its employees on concessional or interest free basis. The company manages its credit risk in respect of such loans to employees through recovery of the same in a number of predetermined installments.

##### Cash and cash equivalents, deposits with banks and other financial Assets

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit ratings. Therefore, the risk of default is considered to be insignificant.



## Notes to the Standalone Financial Statements

In case of other financial Assets, there are certain credit impaired cases mainly due to breach of contract arising due to default or bankruptcy proceedings.

Summary of exposures to financial assets provided below :

(₹Cr)

Financial asset	Exposure as at	
	March 31, 2022	March 31, 2021
Investments	250.50	202.75
Loans	14.76	11.16
Trade receivables	983.64	273.41
Cash and cash equivalents	0.00	50.00
Bank Balances other than cash & cash equivalents	31.81	29.79
Other financial assets	25.06	2.04
<b>Total</b>	<b>1,305.77</b>	<b>569.15</b>

### Provision for expected credit losses

#### Financial assets for which loss allowance is measured using life time expected credit losses

The Company's customer base is the Government of India and a number of dealers. Historically the risk of default has been negligible or nil. Further, management believes that the unimpaired amounts that are past due by more than 60 days are still collectible in full, based on historical payment behavior and extensive analysis of customer credit risk.

The company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables excluding Subsidies from the Government and other financial Assets. The provision matrix of ECL for Trade Receivables at the end of reporting period is as follows:

Particulars	Expected Credit Loss %
Within credit period or upto 6 months past due	0 %
More than 6 months past due	100%

### Movement in expected credit loss allowance

(₹Cr)

Particulars	Ageing as at	
	March 31, 2022	March 31, 2021
<b>Trade Receivables ( Excluding Subsidy from GOI)</b>		
Opening Balance	4.44	4.44
Movement in the expected credit loss allowance	(0.06)	-
<b>Closing Balance</b>	<b>4.38</b>	<b>4.44</b>
<b>Investments</b>		
Opening Balance	1.25	1.25
Movement in the expected credit loss allowance	(1.25)	-
<b>Closing Balance</b>	<b>-</b>	<b>0</b>
<b>Other Financial Assets</b>		
Opening Balance	1.01	1.01
Movement in the expected credit loss allowance	-	-
<b>Closing Balance</b>	<b>1.01</b>	<b>1.01</b>



## Notes to the Standalone Financial Statements

### a Liquidity risk

The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk through cash credit limits and undrawn borrowing facilities by continuously monitoring forecast and actual cash flows. The Company invests its surplus funds in bank fixed deposit which carry minimal mark to market risks.

#### Maturities of financial liabilities

The following are the contractual maturities of non-derivative financial liabilities, based on contractual cash flows:

(₹ in Crores)

March 31, 2022		Contractual cash flows					
Financial liabilities	Carrying amount	Less than a year	1-2 years	2-3 years	3-5 years	More than 5 years	Total
Borrowings	1,734.90	1,726.00	8.90	-	-	-	1,734.90
Lease Liabilities	1.13	1.06	0.07	-	-	-	1.13
Trade payables	308.74	308.74	-	-	-	-	308.74
Other financial liabilities	150.71	150.71	-	-	-	-	150.71
<b>TOTAL</b>	<b>2,195.48</b>	<b>2,186.51</b>	<b>8.97</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,195.48</b>

March 31, 2021		Contractual cash flows					
Financial liabilities	Carrying amount	Less than a year	1-2 years	2-3 years	3-5 years	More than 5 years	Total
Borrowings	1,375.78	1,349.48	17.40	8.90	-	-	1,375.78
Lease Liabilities	2.20	1.59	0.61	-	-	-	2.20
Trade payables	287.74	287.74	-	-	-	-	287.74
Other financial liabilities	144.26	144.26	-	-	-	-	144.26
<b>TOTAL</b>	<b>1,809.98</b>	<b>1,783.07</b>	<b>18.01</b>	<b>8.90</b>	<b>-</b>	<b>-</b>	<b>1809.98</b>

### c Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the entity comprises three types of risk: currency risk, interest rate risk and equity price risk. Financial instruments affected by market risk include borrowings, trade payables in foreign currency and investment in unquoted equity shares. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.



## Notes to the Standalone Financial Statements

### d Currency risk

The Company executes import agreements for the purpose of purchase of raw materials. These are not hedged by the Company owing to the materiality of such foreign exchange gain / loss values.

The currency profile of financial liabilities is as below: (₹Cr)

Particulars	March 31, 2022	March 31, 2021
Trade payables	5.66	33.83

### Sensitivity analysis

A strengthening / weakening of the Indian Rupee, as indicated below, against the foreign currency as at 31 March would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for previous year, except that the reasonably possible foreign exchange rate variances were different, as indicated below. (₹Cr)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Profit and loss		Profit and loss	
10% movement	Gain on appreciation	Loss on depreciation	Gain on appreciation	Loss on depreciation
Trade payables denominated in foreign currency	(0.57)	0.57	(3.38)	3.38

### e Interest rate risk

The Company is not exposed to any interest rate risk as the interest rate on the sole borrowing from GOI is fixed in nature.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

Particulars	March 31, 2022	March 31, 2021
Financial assets		
Fixed-rate instruments		
Employee loans	14.76	11.16
Financial liabilities		
Fixed-rate instruments		
GOI Term loan	554.24	554.24
Cash Credit from bank	251.99	95.92
Covid-19 Term loan	1.06	13.79
Buyer Credit	161.20	-



## Notes to the Standalone Financial Statements

### Fair value sensitivity analysis for fixed-rate instruments

The company's fixed rate instruments are carried at amortized cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

### f. Equity price risk

Equity price risk is related to the change in market reference price of the investments in quoted equity securities. In the case of the Company, the sole investment in equity shares is unquoted and does not expose the Company to equity price risks, however there can be changes in the equity price based on valuations done at different reporting periods owing to the operations and general business environment in which the investee operates. In general, the investment is not held for trading purposes.

### Equity price sensitivity analysis

A 5% change in prices of equity instruments held as at March 31, 2022 and March 31, 2021 would result in an increase/decrease of ₹12.52 Cr and ₹10.14 Cr in fair value of the equity instrument respectively.

### 27. Revenue from Contract with Customers:

- a The Company generates revenue primarily from manufacturing and trading of Fertilizers. The Company has recognised revenue by satisfying its performance obligations at a point of time basis.
- b The revenue from contracts with customers to the amounts disclosed as total revenue are as under : (₹ Cr)

Particulars	For the year ended March 31,	
	2022	2021
Revenue from Sale of Products	338.60	381.70
Subsidy Income from Government	1,961.92	1,147.25
<b>Total</b>	<b>2,300.52</b>	<b>1,528.95</b>

### c. Contract Assets and Liabilities :

(₹ Cr)

Particulars	For the year ended March 31,	
	2022	2021
<b>Contract Assets:</b>		
Trade Receivables	6.86	5.05
Subsidy Receivables	976.78	268.36
<b>Total</b>	<b>983.64</b>	<b>273.41</b>
<b>Contract Liabilities:</b>		
Opening Balance	25.82	46.40
Less: Revenue Recognised	25.82	46.40
Add: Trade Advances	20.26	25.82
Closing Balance	<b>20.26</b>	<b>25.82</b>



## Notes to the Standalone Financial Statements

Contract Liabilities in the Balance Sheet constitutes advance payments and billings in excess of revenue recognised. The Company expects to recognize such revenue in the next financial year. There were no significant changes in contract liabilities during the reporting period except amount as mentioned in the table and explanation given above. Under the payment terms generally applicable to the Company's revenue generating activities, prepayments are received only to a limited extent. Typically, payment is due upon or after completion of delivery of the goods.

### 28 Subsidy under New Pricing Scheme (NPS) for Urea

A sum of ₹ 71.60 Cr (Previous year ₹ 52.30 Cr) towards Escalation/De-escalation in subsidy has been reckoned as receivable from FICC for the year 2021-22 towards annual escalation based on actual input prices, subject to final notification.

An amount of ₹ 5.27 Cr accounted as income during the year pertaining to difference between estimated subsidy and final notified subsidy vide notification No/2012/13/2020-UPP (E-29102) dated 18<sup>th</sup> April 2022 for the year 2019-20.

As Per notification No 12012/3/2010 –FPP dated 2<sup>nd</sup> April 2014, production beyond 100% of Reassessed capacity (RA) and up to 110% of RA, gain sharing between Government and unit in the ratio of 65:35 with respect to Import Parity price (IPP) subject to concession rate of the Unit. As IPP is higher than concession rate as on 31.03.2022, the Company has reckoned subsidy at concession rate for the production of Urea beyond RA.

29 The company has made a request to Dept. of fertilizers, for granting additional subsidy of ₹ 64.97 Cr in order to compensate the higher cost of production of "N" due to usage of Naphtha as captive ammonia in production of complex fertilizers under Nutrient Based Subsidy (NBS) for the extended period from FY 2012-13 to till the conversion of feedstock to RLNG i.e. July,2019. The Additional Compensation may be taken into account only as and when final order will be received from the Dept. of Fertilizers, Government of India.

### 30 Disclosure as per Ind AS 108 'Operating segments'

#### Basis for segmentation

In the case of the Company, Chairman & Managing Director (CMD) is considered to be the Chief Operating Decision Maker (CODM). The CMD reviews the performance of the Company and allocate resources based on the various management information reports provided by the respective departments of the Company.

The CODM reviews the performance of the Company primarily as two segments:

- a Fertilizers (Urea and NPK);
- b Other activities (Trading activities and Bio fertilizers);

However, since the revenue from other activities constitute less than 5% of the reported revenue and no significant assets are employed for these activities, the management is of the view that the Company has only one reportable segment that relates to manufacture of sale of fertilizers.

#### Geographical information

The Company is in the operation of manufacture and sale of fertilizers within India, the entire revenue is domestic and all non-current assets are situated in India only.

#### Revenue from major customer

There is no single customer that accounts for more than 10% of the Company's revenue.

### 31 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006:

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, 2022 as identified by the management and relied upon by the Auditors is provided below :

**Notes to the Standalone Financial Statements**

(₹ Cr)

S.No	Particulars	March 31, 2022	March 31, 2021
i.	Dues outstanding more than 45 days	-	-
ii.	Amount remaining unpaid as at the end of the year Principal Amount Interest Amount	11.26	1.94
iii.	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	-	-
iv.	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	-	-
v.	The amount of interest accrued and remaining unpaid at the end of the year	-	-

**32. Corporate Social Responsibility (u/s135 of Companies Act)**

(₹ Cr)

SI.No	Particulars	March 31, 2022	March 31, 2021
1.	Amount required to be spent on CSR expenditure in accordance with Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014	Nil	Nil
2.	Amount unspent/ (excess spent) carried forward from earlier years	Nil	Nil
3.	Amount actually spent during the year	0.41	0.16
4.	(Excess amount spent carried forward)/ Short fall	(0.41)	Nil
5.	Reason for shortfall	NA	NA
6.	Nature of CSR Activity Oxygen Plant @ Govt. Stanley Medical College, Chennai Covid -19 Related Activities Others	0.31 0.10 -	- 0.08 0.08
7.	Details of related party transaction	Nil	Nil
8.	Where a provision is made with a respect to liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately.	NA	NA



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## Notes to the Standalone Financial Statements

- 33** 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). However, based on PDIL report, The Company has submitted financial restructuring proposal with DOF, GOI for their consideration.
- 34** Being a Sick Company, the company has not implemented the pay revision of employees in pursuance of DPE OM No. W-02/0028/2017-DPE(WC)-GL-XIII/17 dated August 03, 2017 with effective from January 01, 2017 for Board Level and Below Board level Executives and Non-Unionized supervisors of CPSEs dated 3 August 2017 due to pending approval of revival / financial restructuring proposal. Accordingly, the amount of Arrears is not quantifiable at this stage.
- 35** The Company has agreed to allot Land for erecting of 400 KV DC Transmission line by TANTRANSOCO, as the project is conceived by TANTRANSOCO for public purpose. The Tower is erected inside the Company premises and approximately 410 meters transmission line crossing through the company premises.

### **36 Penalty on Non-Compliance of Composition of Board:**

The company is not having the required number of Independent Directors on its Board due to vacancy arising out of expiry of term from 6<sup>th</sup> June, 2019 onwards. Accordingly, National Stock Exchange ("NSE") has levied a penalty of ₹ 0.89 Cr on the said non-compliance, which has been duly paid by the company.

Being a public sector undertaking, appointment of independent directors on the board lies in the hands of the Govt. of India, which is to be treated as Impossibility of compliance. The company has shown the said amount under "Other Financial Assets - Current", as the same can be claimed back once the said non-compliance is being rectified by the company.

### **37 Other Statutory Information:**

- a** The title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. For immovable properties given as collateral for loans from banks and financial institutions, the title deeds were deposited with the said banks/ financial institutions.
- In respect of immovable properties of land and building that have been taken on lease and disclosed as Right to use assets in the financial statements, the lease agreements are in the name of the Company except for CMWSSB land, for which MOU is yet to sign.
- b** The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Asset) since the Company has adopted cost model as its accounting policy to an entire class of Property, Plant and Equipment in accordance with Ind AS 16.
- c** The Company has not granted any loan or advance in the nature of loan to promoters, directors, KMPs and other related parties that are repayable on demand or without specifying any terms or period of repayment.
- d** The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken as at the reporting date.





## Notes to the Standalone Financial Statements

- e Registration, Modification and Satisfaction of charges relating to the year under review, had been filed with the Registrar of Companies, within the prescribed time. However, in respect of certain Modification and Satisfaction of charges relating to the year under review, the Company is in the process of filing the necessary forms with the Registrar of Companies.
- f There are no proceedings initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- g The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. The quarterly returns or statements filed by the Company with the banks or financial institutions are in agreement with the books of accounts, except in the following cases:  
(₹ in Crores)

Quarter ended	As per financials	As per returns filed with banks	Variation*
June 30, 2021			
Inventories	231.86	249.06	(17.20)
Trade Receivables	340.08	184.83	155.25
Trade Payables	264.47	153.25	111.22
September 30, 2021			
Inventories	269.09	285.52	(16.43)
Trade Receivables	378.52	231.99	146.53
Trade Payables	210.22	106.46	103.76
December 31, 2021			
Inventories	273.32	279.24	(5.92)
Trade Receivables	708.49	332.09	376.40
Trade Payables	323.00	29.76	293.24
March 31, 2022			
Inventories	283.74	255.90	27.84
Trade Receivables	983.64	969.41	14.23
Trade Payables	308.74	215.58	93.16

**\*Reason for variations :** The company is availing a clean cash credit facility and the stock statements were submitted to the substantiate the end use. In all the cases, the figures reported in the statements submitted to the bank are much lower than the figures in the financial results/statements.

- h The Company is not declared as willful defaulter by any bank or financial Institution or other lenders.
- i The Company did not have any transactions with Companies struck off under Section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956 considering the information available with the Company.
- j The Company do not have any parent company and accordingly, compliance with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable for the year under consideration.



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## Notes to the Standalone Financial Statements

- k There are no Scheme of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 during the year.
- l The company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall
- i directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - ii provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- m The company has also not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall
- i directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - ii provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- n The Company do not have any transaction which are not recorded in the books of accounts that has been surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 during any of the years.
- o The Company did not trade or invest in Crypto Currency or virtual currency during the financial year. Hence, disclosures relating to it are not applicable.
- 38.** The Company is in the process of signing MOU with DOF for the FY 2022-23 and is yet to be signed.
- 39** Balances shown under trade receivable, advances and trade payables are subject to confirmation / reconciliation/ adjustment, if any. The company has been sending letters for confirmation to parties. However, the Company does not expect any material dispute with respect to the recoverability/payment of the same.
- In the opinion of the management, the value of current assets, current liabilities, loans and advances on realization in the ordinary course of business, will not be less than the value at which these are stated in the balance sheet.
- 40** The Company is engaged in manufacturing and trading of fertilizers, which is an essential input for agriculture. Central and State Governments are giving top most priority on agriculture activities during Covid 19 situation also. The Company expects to continue the normal operations and does not expect any impact of Covid 19 in its operations which is evident from the fact that the production of Urea during the year 2021-22 is at 103.52% capacity with 5,03,900 MT of Urea production.



## Notes to the Standalone Financial Statements

41 Amount in the standalone financial statements is presented in Crores (up to two decimals) except for per share data and as other-wise stated. Certain amounts, which do not appear due to rounding off, are given as follows:

Balance Sheet Items

(₹)

Description	Note No.	As at March 31,	
		2022	2021
Cash and Cash Equivalents	9		
Cash on hand		4,433.00	4,433.00
Balances with Banks - In Current Account		10,000.00	38,807.72
Other Current Assets	10		
Dismantled/Scrapped Assets		19,651.10	17,902.10
Assets held for Sale		18,484.00	18,484.00

For and on behalf of Board of Directors

Asper our Report of even date  
For Anand and Ponnappan  
Chartered Accounts  
FRN 000111S

Sd/-  
**U Saravanan**  
Chairman and Managing Director  
DIN 07274628

Sd/-  
**Harsh Malhotra**  
Director - Technical  
DIN 08520873

Sd/-  
**Priya Ranjan Panda**  
Company Secretary & Compliance Officer (In Charge)

Sd/-  
**R. Ponnappan**  
Partner  
M No.021695

Place : Chennai  
Date : 19.05.2022



Hon'ble Union Cabinet Minister of Health & Family Welfare and Chemicals & Fertilizers,  
**Dr. Mansukh Mandaviya** visited MFL Plant on June 26, 2022



Hon'ble Union Minister of State for  
Chemicals & Fertilizers and  
New & Renewable Energy,  
**Shri Bhagwanth Khuba** visited  
MFL Plant on August 22, 2022

## Executives of the Company



**Shri. PRIYA RANJAN PANDA**  
GM – F & A (a/c) and GM – P & A (a/c)



**Shri. R. RAM GANESH**  
Company Secretary



**MADRAS FERTILIZERS LIMITED**

**MANALI, CHENNAI - 600 068**