

# 57<sup>th</sup> ANNUAL REPORT

# 2022 - 23



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

# Board of Directors



**Shri Kishor Rungta**  
Chairman & Managing Director (Additional Charge)



**Shri Arvind Kumar**  
GOI Nominee Director



**Dr K Jayachandran**  
Director - Technical (Additional Charge)



**Shri Mohammad Bagher Dakhili**  
NICO Nominee Director



**Shri. Babak Bagherpour**  
NICO Nominee Director



**Smt. Samieh Kokabi**  
NICO Nominee Director



**Shri Nalabothu Venkata Rao**  
Non-official Independent Director



**Dr C R Jayanthi**  
Non-official Independent Director



**Shri Sanjay Vishnu Shetye**  
Non-official Independent Director



**Dr Jatin Kumar Mohanty**  
Non-official Independent Director



## BOARD OF DIRECTORS (AS ON 31.08.2023)

### CHAIRMAN & MANAGING DIRECTOR (ADDITIONAL CHARGE)

**Shri. KISHOR RUNGTA**

#### Directors

1. Shri Kishor Rungta
2. Shri Arvind Kumar
3. Dr K Jayachandran
4. Shri Mohammad Bagher Dakhili
5. Shri. Babak Bagherpour
6. Smt. Samieh Kokabi
7. Shri Nalabothu Venkata Rao
8. Dr C R Jayanthi
9. Shri Sanjay Vishnu Shetye
10. Dr Jatin Kumar Mohanty

#### Audit Committee

1. Shri Nalabothu Venkata Rao
2. Shri Arvind Kumar
3. Dr C R Jayanthi
4. Shri Sanjay Vishnu Shetye
5. Dr Jatin Kumar Mohanty

#### Stakeholders Relationship Committee

1. Shri Mohammad Bagher Dakhili
2. Shri Arvind Kumar
3. Shri Kishor Rungta
4. Shri Nalabothu Venkata Rao
5. Dr K Jayachandran

#### Risk Management Committee

1. Shri Nalabothu Venkata Rao
2. Shri Mohammad Bagher Dakhili
3. Shri Kishor Rungta
4. Dr K Jayachandran

#### Corporate Social Responsibility Committee

1. Dr C R Jayanthi
2. Shri Arvind Kumar
3. Shri Kishor Rungta
4. Shri Sanjay Vishnu Shetye
5. Dr K Jayachandran
6. Dr Jatin Kumar Mohanty

#### Nomination and Remuneration Committee

1. Shri Sanjay Vishnu Shetye
2. Shri Kishor Rungta
3. Shri Nalabothu Venkata Rao
4. Dr C R Jayanthi
5. Dr Jatin Kumar Mohanty

#### Executives

Shri Kishor Rungta  
Chairman & Managing Director (Additional Charge)

Dr. K Jayachandran  
Director - Technical (Additional Charge)

Shri N Ram Kumar, IRS  
Chief Vigilance Officer

Shri Priya Ranjan Panda  
Chief Financial Officer

Shri B Somu  
General Manager - Personnel & Administration  
(Additional Charge)

Shri T Vannia Perumal  
General Manager – Plant (Additional Charge)

Shri R Ram Ganesh  
Company Secretary &  
Compliance Officer



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**Registered Office**

Manali,  
Chennai – 600 068  
Tamil Nadu, India

**Principal Bankers**

State Bank of India

**Auditors**

M/s. Chandran & Raman  
Chartered Accountants  
No.46-B, 4<sup>th</sup> 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 57<sup>th</sup> Annual General Meeting (AGM) of Madras Fertilizers Limited will be held on Monday, 25<sup>th</sup> September 2023, 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, 2023 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, Auditors’ Report and Comments of the Comptroller and Auditor General India (CAG) and our replies thereon.
2. To authorize the Board of Directors of the Company to fix remuneration of Statutory Auditors of the Company for the Financial Year 2023-24 in terms of the provisions of Section 139(5) read with Section 142 of the Companies Act, 2013 and to consider, if thought fit, to pass the following Resolution as an ORDINARY resolution:

“RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to decide and fix the remuneration of the Statutory Auditors of the Company as appointed by the Comptroller and Auditor General of India for the Financial year 2023-24”.

#### SPECIAL BUSINESS

3. To elect Shri Kishor Rungta (DIN 00231106) as Chairman & Managing Director (Additional Charge) of the Company:

The Government of India as per Government Order notification No.84/3/2017-HR-I dated July 17, 2023

has appointed Shri Kishor Rungta (DIN 00231106) as Chairman & Managing Director (Additional Charge) of the Company effective from June 16 2023 or till regular incumbent joins the post or until further orders whichever is the earliest, subject to his CVC clearance and approval from DoPT (ACC)”. The 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 Section 196 of Companies Act 2013 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with Articles of Association of the Company, Shri Kishor Rungta (DIN 00231106), be and is hereby appointed as the Chairman and Managing Director (Additional Charge) in the Board of Madras Fertilizers Limited as per Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India notification No.84/3/2017-HR-I dated July 17, 2023 with effect from June 16, 2023 or till regular incumbent joins the post or until further orders whichever is the earliest, subject to his CVC clearance and approval from DoPT (ACC)”

4. To elect Shri Arvind Kumar (DIN 10117759) as a Director on the Board of Directors of the Company:

As per Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India notification F.No.95/1/2019-HR-PSU dated 10th February 2023 Shri Arvind Kumar (DIN 10117759) was appointed the Government of India Nominee Director in the Board of Directors of the Company. The 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 Section 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 Arvind Kumar (DIN 10117759), 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 February 10, 2023, 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”.

**5. Appointment of Dr Jatin Kumar Mohanty, (DIN 02660442) 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, Dr Jatin Kumar Mohanty (DIN 02660442), who was appointed as Additional Director being designated as Non-official Independent Director in the Board of Madras Fertilizers Limited in its 330th Meeting of the Company held on 08th August 2023 as recommended by the Appointment Committee of the Cabinet vide O.M.NO.20/64/2022-EO(ACC) dated 31.05.2023 and Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India vide its notification F.No.78/2/2006-HR-PSU (pt III) with effect from the notification i.e. June 20, 2023 for a period of three years or until further orders, be and is hereby appointed as Director of the Company effective June 20, 2023 and not liable to retire by rotation”.

**6. 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 & Co, (Firm No: 100883), Cost Accountants, appointed by the Board in its 330th meeting held on 08th August 2023 as Cost Auditor to consider the cost audit of the Company for fertilizers for the financial year 2023-24 as per the directions issued by the Central Government at a fee of ₹ 1,21,000/- plus taxes besides reimbursement of travelling and out of pocket expenses at actuals be and is hereby ratified.”

**7. Renewal of Working Capital Limits with Enhancement**

As per Letter dated 05th January 2023, the State Bank of India has accorded sanction for renewal of working capital limits with enhancement in FBWC and NFBWC limits subject to the terms and conditions depicted as below.

| Facility                    | Existing      | Bank Sanctioned |
|-----------------------------|---------------|-----------------|
| <b>FUND BASED</b>           |               |                 |
| Cash Credit                 | 191.40        | 350.00          |
| <b>Total Fund Based</b>     | <b>191.40</b> | <b>350.00</b>   |
| <b>NON-FUND BASED</b>       |               |                 |
| Letter of Credit (LC)       | 310.00        | 395.00          |
| Bank Guarantee              | (150.00)      | (150.00)        |
| Credit Exposure Limit (CEL) | 2.80          | 2.80            |
| <b>Total Non-Fund Based</b> | <b>312.80</b> | <b>397.80</b>   |
| <b>Total Exposure</b>       | <b>504.20</b> | <b>747.80</b>   |

Vide the Letter referred above State Bank of India has imposed 4 special conditions wherein in they have directed the Company to pass Shareholders Resolution under Section 180 (1) (a) and Section 180 (1) (c) of Companies Act 2013 in compliance with the terms of sanction. The Members may consider and if thought fit, to pass, with or without modification, the following resolution as Special Resolution:

- a. “**RESOLVED THAT** in terms of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, (including any amendments thereto or re-enactment thereof, for the time being in force) read with relevant Rules thereof and the provisions of the Articles of Association of the Company and subject to approval, if any, of Central Government, Reserve Bank of India, or any other regulatory bodies or authorities or



quasi-judicial bodies, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (herein after referred to as the "Board" which term shall be deemed to include the Management Sub Committee, to borrow from time to time in one or more tranches, any sum or sums or moneys from time to time for the purpose of the business of the Company, from any one or more banks, Indian and foreign financial institutions and other persons, firms, bodies corporate etc. notwithstanding that the money or moneys borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) and remaining outstanding at any point of time may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes, provided however, that the total amount up to which the monies so borrowed by the Board and which shall remain outstanding at any given point of time shall not exceed Rs.747.80 Crores (Rupees seven hundred and forty seven crores and eighty lakhs only)."

**"RESOLVED FURTHER THAT** that for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds, filings, matters and things and execute all such deeds, documents, instruments and writings as may be required, with powers to settle all questions, difficulties or doubts that may arise in this regard as the Board may in its sole and absolute discretion deem fit and delegate all or any of its powers herein conferred to the Chairman and Managing Director and General Manager- Finance & Accounts (Additional Charge) of the Company, if required, as it may in its absolute discretion deem it necessary or desirable."

**b. Creation of security, in respect of borrowings, in terms of the provisions of Section 180(1)(a) of the Companies Act, 2013**

**"RESOLVED THAT** in terms of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (including any amendments thereto or re-enactment thereof, for the time being in force) read with relevant Rules thereof and the Articles of Association of the Company, the consent of the members of the Company be and is hereby accorded to the Board of

Directors of the Company (herein after referred to as the "Board" which term shall be deemed to include the Management Sub Committee, to sell, lease, mortgage or otherwise dispose of or to create charge and / or hypothecate all the immovable and movable properties of the Company whosoever situated, present and future and/ or conferring power to enter upon and take possession of the assets of the Company in certain events, to or in lenders / financial institutions (Indian and Foreign) / banks and other institutions for securing borrowings up to **Rs. 747.80** Crores (Rupees seven hundred and forty seven crores and eighty lakhs only) lent and advanced/ agreed to be lent and advanced by such lenders / financial institutions / banks to the Company together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption guarantee commission, remuneration payable with regards to such borrowings.

**"RESOLVED FURTHER THAT** the Chairman and Managing Director and General Manager- Finance & Accounts (Additional Charge) be and is hereby authorized to finalize and settle with the Lenders, the terms and conditions of such mortgage or charge and execute such documents/deeds/writings/papers/ agreements for creation of the aforesaid mortgage and charge as may be required do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper and desirable and to settle any question, difficulty or doubt that may arise with regard to creating mortgages/charges as aforesaid and as may be required to give effect to the above resolution."

By Order of the Board  
For MADRAS FERTILIZERS LIMITED

Sd/-  
**KISHOR RUNGTA**  
Chairman & Managing Director  
(Additional Charge)  
DIN : 00231106

Chennai  
Sep 01, 2023

**Note:**

1. The Ministry of Corporate Affairs, Government of India (the "MCA") vide its General Circular No. 11/2022 dated December 28, 2022 read together with General Circular No. 2/2022 dated May 5, 2022, General Circular No.



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- 21/2021 dated December 14, 2021, General Circular No. 19/2021 dated December 08, 2021, General Circular No. 02/2021 dated January 13, 2021, General Circular No. 20/2020 dated May 5, 2020, General Circular No. 17/2020 dated April 13, 2020 and General Circular No. 14/2020 dated April 8, 2020 and other circulars issued in this regard (collectively referred to as "MCA Circulars"), and the Securities and Exchange Board of India ("SEBI") vide its Circular No.: SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023, Circular No. SEBI/HO/CFD/CMD2/ CIR/P/2022/62 dated May 13, 2022, Circular No. SEBI/HO/CFD/CMD2/ CIR/P/2021/11 dated January 15, 2021 and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and other circulars issued in this regard, permitted the holding of the Annual General Meeting (AGM) through Video Conferencing ("VC")/ Other Audio Visual Means ('OAVM'), without the physical presence of the Members at a common venue. The deemed venue for the AGM shall be the registered office of the Company.
2. Further, pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and the MCA and SEBI Circulars, the Company is holding its Annual General Meeting (AGM) through Video Conferencing ("VC")/Other Audio-Visual Means ('OAVM'), without the physical presence of the Members at a common venue. For the said purpose the Company has engaged the services of National Securities Depository Limited (NSDL) for conducting AGM through VC/OAVM. Further, NSDL has also been engaged for facilitating e-voting to enable the members to cast their votes electronically using remote e-voting system as well as e-voting during the AGM. The procedure for participating in the meeting through VC/OAVM is explained in the notes below.
  3. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act") setting out material facts relating to the special business(es) to be transacted at the AGM is annexed hereto.
  4. Brief profile and other additional information pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure

Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2) issued by The Institute of Company Secretaries of India, in respect of the Director seeking appointment/re-appointment at the AGM, is also annexed to the Notice.

5. The relevant documents referred to in the accompanying Notice and the Statement pursuant to Section 102 of the Act, shall be available for inspection by the members at the Registered Office of the Company during normal business hours (between 10.00 A.M. to 01.00 P.M.) on all working days, from the date of circulation of this Notice upto the date of the AGM. The relevant documents will also be made available on the website of the Company during the abovementioned period. Members seeking to inspect such documents can also send an email to [cs@madrasfert.co.in](mailto:cs@madrasfert.co.in).

The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 ("Act"), the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act and the Certificate from the Secretarial Auditors of the Company pursuant to Regulation 13 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, will be available electronically for inspection by the members during the AGM.

Further, members seeking any information with regard to the accounts or any other matter to be placed at the AGM, are requested to write to the Company latest by September 18, 2023 through email on [cs@madrasfert.co.in](mailto:cs@madrasfert.co.in). Such questions shall be taken up during the meeting or replied by the Company suitably.

6. Pursuant to the Section 105 of the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote at the meeting on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA and SEBI circulars through VC/OAVM, the requirement of physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for this AGM and hence the Proxy Form is not annexed hereto. Since, the AGM will be held through VC, the route map, and attendance slip are also not annexed to this Notice.



7. Pursuant to the abovementioned Circulars, the Company will send the Annual Report for the financial year 2022- 23 and AGM notice in electronic form only. The Notice of AGM and Annual Report for the financial year 2022- 23 are also placed on the website of the Company i.e. [www.madrasfert.co.in](http://www.madrasfert.co.in) and the website of National Securities Depository Limited i.e. [www.evoting.nsd.com](http://www.evoting.nsd.com) and at the relevant sections of the websites of the stock exchange i.e. National Stock Exchange of India Ltd. ([www.nseindia.com](http://www.nseindia.com)).
8. The Notice is being sent only through electronic mode to all the Members/Beneficiaries, whose names appear on the Register of Members/ Record of Depositories as on 25<sup>th</sup> day, August, 2023 and who have registered their email addresses with the Company/RTA or Depository/ Depository Participant, in accordance with the provisions of the Companies Act, 2013, read with Rules made thereunder and the MCA and SEBI Circulars.
9. The remote e-voting period begins on 22<sup>nd</sup> day, September, 2023 at 9.00 A.M. (IST) and ends on 24<sup>th</sup> day, September, 2023 at 5.00 P.M.(IST). During this period, members of the Company holding equity shares either in physical form or in dematerialised form, as on the cut-off date i.e., 18<sup>th</sup> day, September, 2023, may cast their vote electronically. The remote e-voting will not be allowed beyond the aforesaid date and time as the same shall be disabled by NSDL for voting thereafter.

The facility for electronic voting system, shall also be made available at the AGM. The Members attending the AGM, who have not cast their votes through remote e-voting and are otherwise not barred from doing so, shall be able to exercise their voting rights at the AGM. The Members who have already cast their votes through remote e-voting may attend the meeting but shall not be entitled to cast their votes again at the AGM.

Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently. There will be one e-vote for every Folio/ Client ID irrespective of the number of joint holders. Voting Rights shall be reckoned on the paid-up value of shares registered in the name of the Member(s) as on cutoff date and any person who is not a member as on that date should treat this Notice for information purposes only.
10. Members may join the AGM through VC/OAVM Facility by following the procedure as mentioned below which shall be kept open for the Members from 11.00 a.m. (IST) i.e. 30 minutes before the time scheduled to start the AGM and the Company may close the window for joining the VC/OAVM facility, 15 minutes after the scheduled time to start the AGM. The facility of participation at the General Meeting through VC/OAVM will be made available for at least 1000 members on first come first served basis. However, the said restriction on account of first come first served principle shall not be applicable on 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, Auditors, etc.
11. 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.
12. Members who would like to express their views or ask questions during the AGM may register themselves as speaker by sending their request from their registered email address mentioning their name, DP ID and client ID/ Folio no, No. of shares, PAN, mobile number at [cs@madrasfert.co.in](mailto:cs@madrasfert.co.in) on or before 15<sup>th</sup> September 2023. Only those Members who have registered themselves as a speaker will be allowed to express their views, ask questions during the AGM. The Company reserves the right to restrict the number of speakers as well as the speaking time depending upon the availability of time at the AGM.
13. The Board of Directors have appointed Mr V Esaki & Associates, Company Secretaries (Membership No.30353) as the Scrutiniser to scrutinize the remote e-voting process and voting through electronic voting system at the AGM in a fair and transparent manner. The Scrutiniser have communicated their willingness to be appointed for the said purpose.
14. The Scrutiniser will, after the conclusion of e-voting at the Meeting, scrutinise the votes cast at the Meeting and votes cast through remote e-voting, make a consolidated Scrutiniser's Report and submit the



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- same to the Chairman or a person authorised by him, who shall countersign the same and declare results (consolidated) within two working days from the conclusion of the meeting and the same, along with the consolidated Scrutiniser's Report, will be placed on the website of the Company ([www. Madrasfert. co.in](http://www.Madrasfert.co.in)) and the website of NSDL ([www.evoting.nsdl. com](http://www.evoting.nsdl.com)) immediately after the declaration of result by the Chairman and in his absence, any Director/Officer of the Company authorised by the Chairman and the same will also be communicated to National Stock Exchange of India Limited. It shall also be displayed on the Notice Board at the Registered Office and the Corporate office of the Company.
15. With a view to using natural resources responsibly, we request shareholders to update their contact details including e-mail address, mandates, nominations, power of attorney, Bank details covering name of the Bank and branch details, Bank account number, MICR code, IFSC code, etc. with their depository participants and with RTA if shares are held in physical form to enable the Company to send all the communications electronically including Annual Report, Notices, Circulars, etc.
  16. The Securities and Exchange Board of India has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN details to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/RTA.
  17. Members are requested to notify the change in address if any, with Pin Code numbers immediately to the RTA i.e. M/s. Integrated Registry Management Services Pvt Ltd., (IRMSPL) Kences Towers, II Floor, No.1, Ramakrishna Street, T Nagar, Chennai 60017, Phone 044-28140801 to 803 email : [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in).
  18. Non-Resident Indian Members are requested to inform RTA of the Company any change in their residential status on return to India for permanent settlement, particulars of their Bank account maintained in India with complete name, branch, account type, account number and address of Bank with pin code number, if not furnished earlier. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility.
  19. SEBI vide its circular dated January 25, 2022, has mandated that the listed companies shall henceforth issue the securities in dematerialised form only, while processing service requests such as issue of duplicate share certificates, transmission, transposition, etc. Accordingly, members who still hold shares in physical form are advised to dematerialise their holdings.
  20. Pursuant to SEBI circular dated March 16, 2023, November 3, 2021 and clarification circular dated December 14, 2021, members holding shares in physical form are advised to update their PAN, KYC details and nomination etc. in prescribed forms. The forms can be downloaded from the website of the company at [www.madrasfert.co.in](http://www.madrasfert.co.in). Further, in respect of shares held in electronic/demat form, the members may please contact their respective Depository Participant. The folios wherein any one of the KYC details is not available on or after October 01, 2023, shall be frozen by the RTA.
  21. SEBI vide its circular dated May 30, 2022 has prescribed Standard Operating Procedures for dispute resolution under the Stock Exchange arbitration mechanism for a dispute between a Listed Company and/or RTA and its Shareholders(s) / investor(s). The said circular is available on the website of the Company at [www. madrasfert.co.in](http://www.madrasfert.co.in).



**THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING THE ANNUAL GENERAL MEETING ARE AS UNDER: -**

The remote e-voting period begins on 22<sup>nd</sup> day, September 2023 at 9.00 A.M. (IST) and ends on 24<sup>th</sup> day, September 2023 at 5.00 P.M.(IST). The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e.18<sup>th</sup> day, September, 2023, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 18<sup>th</sup> day, September, 2023.

**The instructions for Members for remote E-voting are as given below:**

How do I vote electronically using NSDL e-Voting system?

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**

**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:

| Type of Shareholders                                                | Login Method                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Individual Shareholders holding securities in demat mode with NSDL. | <ol style="list-style-type: none"><li>Existing IDeAS user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added 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 i.e. 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 voting during the meeting.</li><li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “Register Online for IDeAS Portal” or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li><li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile phone. 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</li></ol> |



## MADRAS FERTILIZERS LIMITED

| Type of Shareholders                                                                                   | Login Method                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                        | <p>sixteen digit demat account number held 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 i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>4. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</p> <p style="text-align: center;"><b>NSDL Mobile App is available on</b></p> <p style="text-align: center;"> App Store     Google Play</p> <div style="display: flex; justify-content: space-around; align-items: center;"></div>                                                                                                                                                                                                  |
| Individual Shareholders holding securities in demat mode with CDSL                                     | <ol style="list-style-type: none"><li>1. 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>2. 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>3. 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>4. 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 | <p>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 &amp; voting during the meeting.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |



**Important note:**

Members who are unable to retrieve User ID / Password are advised to use Forget User ID and Forget password option available at above mentioned website.

| 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 022-48867000 and 022 - 24997000.             |
| 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 toll free number 1800 22 55 33. |

**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?**

- i. 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.
- ii. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under “Shareholders” section.
- iii. 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.nsd.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.

- iv. 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 and join Annual General Meeting on NSDL e-Voting system:**

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

- i. 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.
- ii. 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".
- iii. Now you are ready for e-voting as the Voting page opens.
- iv. 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.
- v. Upon confirmation, the message "Vote cast successfully" will be displayed.
- vi. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- vii. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**B. Other information:**

- i. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as on the cut-off date, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).



- ii. However, if you are already registered with NSDL for remote e-Voting then you can use your existing user ID and password/PIN for casting your vote. If you forgot your password, you can reset your password by using 'Forgot User Details/Password' or 'Physical User Reset Password?' option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL or call on : 022 - 4886 7000 and 022 - 2499 7000. Individual demat account holders will follow the process mention in Access to NSDL system.

### **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)

Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

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 022 – 4886 7000 and 022 – 2499 7000 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or contact Ms. Pallavi Mhatre, Senior Manager, National Securities Depository Limited, Trade World, "A" wing, 4th Floor, Kamala Mills Compound, Senapati Bapat, Lower Parel, Mumbai 400 013 at the email ID [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in), who will also address the grievances connected with voting by electronic means.

### **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.

**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.
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.

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

**Item No.3: Appointment of Shri Kishor Rungta (DIN 00231106) as a Chairman & Managing Director (Additional Charge)**

Department of Fertilizers vide its Order No.84/3/2017-HR-I dated July 17, 2023 intimated that the Additional Charge of Chairman & Managing Director is assigned to Shri Kishor Rungta (DIN 00231106), for a period of 6 months w.e.f. 16.06.2023 or till regular incumbent joins the post or until further orders whichever is the earliest, subject to his CVC clearance and approval from DoPT (ACC).

Shri Kishor Rungta (DIN 00231106), was appointed as Chairman & Managing Director (Additional Charge) 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 August 08, 2023 with effect from June 16, 2023.

The Company has received all statutory disclosures / declarations from Shri Kishor Rungta, 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 Kishor Rungta, as Chairman & Managing Director (Additional Charge) of the Company effective June 16, 2023 pursuant to Sections 149, 152 and other applicable provisions

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## MADRAS FERTILIZERS LIMITED

of the Act and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof and his office shall be six months effective 16.06.2023.

No director, key managerial personnel or their relatives except Shri Kishor Rungta, 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 Ordinary Resolution.

### Profile of Shri Kishor Rungta:

|                                                                                                                    |                 |
|--------------------------------------------------------------------------------------------------------------------|-----------------|
| DIN                                                                                                                | 00231106        |
| Date of Birth                                                                                                      | 28.06.1964      |
| Date of appointment/Change in terms of appointment                                                                 | 16.06.2023      |
| Relationship with Directors/KMP                                                                                    | No              |
| Shareholding in the Company                                                                                        | No              |
| Remuneration proposed to be paid                                                                                   | Nil             |
| Expertise in specific functional area                                                                              | Finance & Legal |
| Number of shares held in the Company as on March 31,2023                                                           | Nil             |
| List of the Directorships held in other Listed Companies                                                           | 1               |
| Chairman/Member of the Committee of Directors of other Companies in which he/she is a Director as on March 31,2023 | 2               |
| Number of Board Meeting attended during the year 2022-2023                                                         | NA              |

### Item No.4: Appointment of Shri Arvind Kumar (DIN 10117759) as a Director of the Company

Department of Fertilizers vide O.M.No.95/1/2019-HR PSU dated February 10, 2023 communicated the appointment of Shri Arvind Kumar (DIN 10117759), as a part time Government Nominee Director on the Board of Madras Fertilizers Limited effective February 10, 2023, until further orders.

Shri Arvind Kumar (DIN 10117759), 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 Mach 31, 2023 with effect from February 10, 2023.

The Company has received all statutory disclosures / declarations from Shri Arvind Kumar, 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 Arvind Kumar as Government Nominee Director of the Company effective February 10, 2023 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 Arvind Kumar, to whom the resolution relates, is interested in or concerned, financially or otherwise, in passing the proposed resolution set out in item No. 4.



## MADRAS FERTILIZERS LIMITED

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

### Profile of Shri Arvind Kumar

|                                                                                                                    |                                     |
|--------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| DIN                                                                                                                | 10117759                            |
| Date of Birth                                                                                                      | 09.04.1965                          |
| Date of appointment/Change in terms of appointment                                                                 | 10.02.2023                          |
| Relationship with Directors/KMP                                                                                    | No                                  |
| Shareholding in the Company                                                                                        | No                                  |
| Remuneration proposed to be paid                                                                                   | Nil                                 |
| Expertise in specific functional area                                                                              | HR, Administration. Finance & Legal |
| Number of shares held in the Company as on March 31,2023                                                           | 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 31,2023 | -                                   |
| Number of Board Meeting attended during the year 2022-2023                                                         | 1                                   |

### Item No.5: Appointment of Dr Jatin Kumar Mohanty (DIN 02660442) as a Director of the Company

Department of Fertilizers vide O.M.No.78/2/2006-HR-PSU (pt. III) dated June 20, 2023 communicated the appointment of Dr Jatin Kumar Mohanty (DIN 02660442), by the Appointment Committee of the Cabinet (ACC) vide its O.M.No.20/64/2022-EO(ACC) dated 31.05.2023 as Non-Official Independent Director on the Board of Madras Fertilizers Limited for a period of three (03) years effective June 20, 2023, until further orders, which ever is earlier..

Dr. Jatin Kumar Mohanty, 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 Jatin Kumar Mohanty, 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 Jatin Kumar Mohanty, 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 Dr Jatin Kumar Mohanty 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 August 08, 2023 accorded approval for his appointment as Independent Director of the Company, not liable to retire by rotation, for three years effective from June 20, 2023 or until further orders.

The resolution seeks the approval of members for the appointment of Dr Jatin Kumar Mohanty as an independent director of the Company for a period of three years with effect from June 20, 2023 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. Jatin Kumar Mohanty, to whom the resolution relates, is interested in or concerned, financially or otherwise, in passing the proposed resolution set out in item No. 5.



## MADRAS FERTILIZERS LIMITED

### Profile of Dr Jatin Kumar Mohanty

|                                                                                                                    |                                                               |
|--------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|
| DIN                                                                                                                | 02660442                                                      |
| Date of Birth                                                                                                      | 15.03.1970                                                    |
| Date of appointment/Change in terms of appointment                                                                 | 20.06.2023                                                    |
| Relationship with Directors/KMP                                                                                    | No                                                            |
| Shareholding in the Company                                                                                        | No                                                            |
| Remuneration proposed to be paid                                                                                   | Nil                                                           |
| Expertise in specific functional area                                                                              | Legal                                                         |
| Number of shares held in the Company as on March 31,2023                                                           | Nil                                                           |
| List of the Directorships held in other Listed Companies                                                           | 1. India Post Payments Bank<br>2. Transworld Manpower Pvt Ltd |
| Chairman/Member of the Committee of Directors of other Companies in which he/she is a Director as on March 31,2023 | Nil                                                           |
| Number of Board Meeting attended during the year 2022-2023                                                         | NA                                                            |

### Item No.6: Appointment of Cost Auditor for the year 2023-24

The company is required to have its cost records audited by a Cost Accountant in practice. Accordingly, the Board at its meeting held on August 08, 2023 on the recommendation of the Audit Committee, approved the appointment and remuneration of ₹ 1,21,000/- plus tax as applicable and reimbursement of out of pocket expenses, to Mrs Aruna Prasad (M No.11816), Cost Accountant, to conduct the audit of the cost records of the Company, for the Financial Year ending March 31, 2024.

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, 2024 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. 6 of the notice.

### Item No.7: Renewal of Working Capital Limits with Enhancement

The State Bank of India has accorded sanction for renewal of working capital limits with enhancement in FBWC and NFBWC limits to the Company. The State Bank of India has imposed 4 special conditions wherein in they have directed the Company to pass Shareholders Resolution as Special Resolution under Section 180 (1) (a) and Section 180 (1) (c) of Companies Act 2013 in compliance with the terms of sanction. Accordingly, the consent of the members is sought to borrow from time to time in one or more tranches, any sum or sums or moneys from time to time for the purpose of the business of the Company, from any one or more banks, Indian and foreign financial institutions and other persons, firms, bodies corporate etc. notwithstanding that the money or moneys borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) and remaining outstanding at any point of time may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes and that the total amount up to which the monies so borrowed by the Board and which shall remain outstanding at any given point of time shall not exceed Rs.747.80 Crores. Consent is also sought from the members for the Creation of security, in respect of the above borrowings, in terms of the provisions of Section 180(1)(a) of the Companies Act, 2013.

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.

By Order of the Board  
For MADRAS FERTILIZERS LIMITED  
Sd/-

**KISHOR RUNGTA**  
Chairman & Managing Director  
(Additional Charge)  
DIN : 00231106

Chennai  
Sep 01, 2023



## DIRECTORS' REPORT

The Shareholders  
Madras Fertilizers Limited

Your Directors have pleasure in presenting herewith the 57<sup>th</sup> Annual Report together with the Balance Sheet as at March 31, 2023 and the Statement of Profit & Loss for the year 2022-23.

### SUMMARY OF FINANCIAL RESULTS

₹ Cr

| Particulars                                                     | 2022-23 | 2021-22 |
|-----------------------------------------------------------------|---------|---------|
| Turnover                                                        | 3447.09 | 2302.16 |
| Profit Before Interest, Depreciation, Exceptional items and Tax | 336.44  | 268.91  |
| Less: Interest                                                  | 78.19   | 93.11   |
| Less: Depreciation                                              | 9.59    | 9.46    |
| Less: Exceptional items                                         | Nil     | Nil     |
| Profit / (Loss) Before Tax                                      | 248.66  | 166.34  |
| Provision for Tax                                               | 63.33   | 3.97    |
| Profit / (Loss) After Tax                                       | 185.33  | 162.38  |
| Other Comprehensive Income                                      | 33.00   | 27.46   |
| Cash Profit / (Loss)                                            | 258.25  | 175.80  |

The overall sales of the Company are increased by ₹ 1144.93 crores around 49.7% (FY 2022-23 ₹ 3447.09 crores as against the FY 2021-22 ₹ 2302.16 crores) mainly due increase in subsidy. The Company has made profit after tax of ₹ 185.33 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 2023.

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

The 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, 2023 is ₹ 161.10 Crores.

### HIGHLIGHTS OF PLANT PERFORMANCE

- ❖ Plant has produced 519800 MT of Neem Coated Urea and 7507 MT of NPK complex (20-20-0). The capacity Utilisation of plants are 106.8% and 2.7% for Urea and NPK Plants respectively.
- ❖ Urea production of 519800 MT is the Highest ever production since inception.(previous best 503900 MT in the FY 2021-22).
- ❖ For the second time in MFL history and in consequate years, MFL has produced Urea above the RAC (Reassessed Annual Capacity) of 486750 MT.
- ❖ Urea Specific Energy Consumption is 7.584 Gcal/MT for the year 2022-23.
- ❖ Quarterly Production of 146169 MT of Urea during Jan-Mar 2023 is the second highest production since inception (Previous Best 144763 MT during Jan-Mar 2011).
- ❖ Monthly production of 51000 MT achieved during Mar 2023 is the Best monthly production (Previous Best 50662 MT in Dec 2021).
- ❖ At the close of Mar 31, 2023, 3276 days were completed without any lost time accident covering 11.01 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 2022-23 on November 15, 2022 setting up targets for performance of the Company in terms of static and dynamic parameters.



MARKETING PERFORMANCE

Fertilizer Sales

- ❖ Achieved an **All- time High sale** of 5,29,879 MTs of Neem Coated Urea since revamping of Urea Plants which is 5% increase over previous year sale of 5,04,559 MTs.
- ❖ POS sale of NC Urea for the year is 5,17,118 MTs against a dispatch of 5,29,611 MTs which mean 97.64% of the product consumed during the year itself.
- ❖ Our Market share in Tamil Nadu is 27.90% which is more than One fourth of total **market share of Tamilnadu and it is 8.03 % in MFL's marketing territory of South India.** (Total consumption 2022-23: 65,91,866 MTs and CPLY : 61,45,562 MT).
- ❖ Sold the entire available quantity of 7,504 MTs of Vijay 20-20-0
- ❖ Overall, Sold 5,37,383 MTs of both NPK 20-20-0 and NC Urea during the year which is **3<sup>rd</sup> best in last 16 years.** Previous best is 5,46,991 MTs in 2017-18 and 5,44,928 MTS in 2013-14.
- ❖ Record movement of 5,37,117 MT which is **the best in the last 9 years.**
- ❖ **96.70% of products delivered to dealers directly from Railhead** against the previous year movement of 94.44%.
- ❖ The Closing PoS device Inventory of Neem Coated Urea on 31.03.2023 is 25,697 MTs which is **only 4.8% of the invoiced Quantity.**

Bio fertilizers, Bio Pesticides & Organic Manures Sales

- ❖ Sold 22.56 MTs of Bio Fertilizers during the year 2022-23
- ❖ Sold 157.42 KL of Vijay Neem which is the **highest in Past 15 years.**
- ❖ Under "Basket Approach" **MFL sold 7836 MTs** of Vijay Organic which is the **highest in the past 7 years and around 15% increase** over previous year sale of 6832 MTs.
- ❖ In addition to Organic Manure, Under "Swachh Bharat Mission", MFL continues to **Market City Compost**, a product from Municipality/Factory waste and sold **9608 MTs** during the year.

MARKET DEVELOPMENT & AGRO-SERVICE PROGRAMMES:

MFL's Marketing personnel have contacted 20822 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 3997 numbers of 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, DoF initiated to convert the existing village/ Block/ Taluk/ Sub-dist/ District level Fertilizers Retail Shops into **Pradhan Mantri Kisan Samrudhhi Kendras (PMKSKs) a One Stop Shop**" wherein all Agricultural Inputs like Quality Fertilizers, Seeds & Pesticides are made available & Services like Soil/Water/ Fertilizers testing, Custom hiring of Large farm equipments, Creating awareness on various Govt schemes, Educating the farmers on improved farm technologies, weather updates, Crop Insurance etc are rendered to farming community.

In line with DOF's initiative, MFL converted 89 numbers of Retail Shops into **"PMKSK"-** at Dist level during Oct-Nov'2022. In addition, all the Retail shops allocated to MFL at village/ Block/ Taluk/ Sub-dist level are being converted into PMKSKs for the service of farmers.

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.
- ❖ **"All-time high"** Bill generation for NC Urea since inception of DBT in January 2018:

| Bills Generated | Neem Coated Urea   | 17-17-17 | Total              |
|-----------------|--------------------|----------|--------------------|
| Quantity        | 5,17,118 MT        | 7,915 MT | 5,25,033 MT        |
| Value           | <b>3038.33 Cr.</b> | 3.17 Cr. | <b>3041.50 Cr.</b> |



## VIGILANCE

### ACTIVITIES AND ACHIEVEMENTS OF VIGILANCE DEPARTMENT DURING 2022-23

Vigilance Department is headed by Chief Vigilance Officer (CVO). The CVO is assisted by a team of officers drawn from various functional departments and placed in Corporate Office at Chennai. The thrust of Team vigilance is to bring greater transparency, fairness and efficiency in all type of transactions and execution of works in the company in line with the Central Vigilance Commission's guidelines. Thus, necessary measures are initiated to review the activities of Corporate Office, Chennai and Marketing offices situated across the South India.

Regular preventive vigilance activities such as Scrutinise, Surprise checks, Vigilance clearance for administrative decisions, enforcement of Transfer Policy and Rotation of Officers on Sensitive Posts were also carried out in close coordination with the Management. At the same time, investigation of complaints received from various sources and follow up of pending departmental action on previous investigated cases were also done with due diligence. Periodic Vigilance Reports preparation of Agreed List of Officers, List of Officers of Doubtful Integrity, The working of vigilance wing of MFL is based on a proactive, participative and focused approach. The roles and responsibilities of vigilance officers are regularly monitored and reviewed to bring the focus on systemic improvements.

As part of Preventive Vigilance, efforts are made to keep a watch on the various activities through regular inspections and surprise checks. Systemic improvements and corrective actions are suggested wherever necessary. Your Company follows the ideology that "All officers are Vigilance Officers" and the same is implemented in the company. Support of all officers is taken in implementation of Vigilance directives. Vigilance Department has focused on spreading awareness on rules/regulations, procedures and solicited information/ complaints from all regarding malpractices or corruption. Efforts are made to ensure speedy Redressal of the complaints. Vigilance Department has actively contributed towards e-governance by leveraging technology in all operations in MFL. Tender documents have been made more objective. Transparency in existing system of dealing with the Dealers/ Vendors has been enhanced by adopting

e-procurement and e-payment. Vigilance Department has also shepherded the organization in an era of e-clearances for issuing NOC for various purposes to the employees superannuating and visits abroad.

MFL observed Vigilance Awareness Week 2022 (VAW – 2022) "**Corruption free India for a developed Nation**" from October 31, 2022 to November 06, 2022.

Banners and Posters related to Vigilance Awareness were displayed at various vantage points in the company premises and all the Regional Offices situated all over South India highlighting the theme of Vigilance Awareness Week. Scrolling messages were displayed at the display Board of the Main Entrance at MFL.

The activities during the week were designed to spread Vigilance Awareness among employees and citizens. Awareness for taking e-integrity pledge was spread through SMS, display of e-banner on intranet, email etc. A link for taking e-integrity pledge on CVC website was provided on MFL website for all the stakeholders.

On Oct 31, 2022, Integrity Pledge was administered to all the employees at 1100 hours by CMD at the Company's Administrative Building and the other employees from Plant and Regional offices took pledge at their respective work spots. A link was also provided in the Company's web site, to facilitate Citizens and Corporates to access the CVC website for taking e-Pledge.

A Workshop through video conference on vendor awareness programme on preventive vigilance was conducted by DGM - Materials Management Shri A Madhan Mohan.

As a part of outreach campaign, a Vigilance Awareness Walk was organised inside the plant premises covering the major locations of the work. Around 60 employees have participated in the walk and posters were displayed in all the major locations of the Plant and Administrative office to increase awareness and elicit active participation of all employees of MFL within the campus.

Dealers Meet was Organised in Belgaum, Karnataka by Davanagere RO. Shri Shivangouda S Patil, Joint Director of Agriculture, Belgaum, Deputy Director of Agriculture, DDA-Belgaum, B Annilkumar Deputy General Manager – D&S, D S Deshpande - RM Davanagere, RO Davanagere officials B S Metri, Senior Dealer, Belgaum and 82 Dealers participated



in the program, The participant guests addressed on importance of Vigilance in day today transactions, eradication of corruption, guidelines to eradicate corruption, fair business practices, overcoming corruption and corruption free India. Later vigilance oath was administered.

As a part of Vigilance Awareness Campaign, Grama Sabha was Organised at Government High School, Pambukovil santhai in Tenkasi Dist, Tamilnadu ADSP - V&AC - Tenkasi district and his team of 6 Staffs, MFL ADM, MFL DM Tirunelveli, Village President & Vice president, School AHM, Teachers, MFL's local dealer and a public of around 200 Nos. participated in the program. Special address with presentation on Vigilance awareness was given by ADSP - Tenkasi district. He also had an Interaction with public and clarified their doubts on vigilance. Later VAW 2022 pledge was taken by all the participants. The Village president thanked MFL for choosing his village for the Grama Sabha meeting. On the occasion of 75th Independence of India, 75 tree saplings were planted at School campus and a nearby PHC.

The theme for Slogan competition was "Corruption free India for a Developed Nation". Entries for the Slogan competition were called from Employees and also from their Wards in English, Regional Language (Tamil) and Hindi respectively.

Around 400 Emails sent to various vendors by MM on VAW 2022 Theme

Activities related to VAW 2022 were published in Newspapers in local regional languages.

A video capturing the highlights of the week was created and was uploaded in the Company's website and the social media platforms.

A Quiz competition was conducted on for Employees at MFL Training Centre. Similarly, the same was also conducted at various Schools and Colleges located at Regional Offices. Altogether, around 485 Students participated during Vigilance Awareness Week. Similar competitions were conducted at the neighbouring nearby Schools at Manali, Chennai and also covering all the Regional Offices.

Prizes were distributed to the Winners of the Vigilance Awareness Week Competitions on Dec 01, 2022 by Chairman & Managing Director.

MFL Vigilance organized a Preventive Vigilance Workshop on "Public Procurement" was conducted by CVO-MFL, Chennai at CPCL, Chennai. Senior Officials from CPCL participated in the Programme.

Similarly, a workshop on "Preventive Vigilance in Marketing" was conducted at MFL, Chennai. DGM-D&S (a/c), Chief Manager-D&S (a/c), Regional Managers and Managers – Head Office of Distribution & Sales department participated in the Programme.

#### **Integrity Pact:**

Subsequent to the tenure of Shri Virupakshan Pranatharthiharan, IFS (Retd) expired on 10.07.2022, CVC vide Letter No. 018/VGL/060/516492 dated 21.06.2022 have nominated Shri Ashwani Kumar Mehta, IRS (Retd.) as IEM for a period of three years. Half Yearly Structured Meeting and Quarterly Review Meetings with Independent External Monitors (IEMs) was held thru Video Conference.

### **HUMAN RELATIONS AND INDUSTRIAL RELATIONS**

#### **MANPOWER**

The total strength of MFL as on 31.03.2023 is 469 against 508 as on 31.03.2022.

#### **TRAINING**

98 employees and 31 contract workers have been trained during the year 2022-23 on Technical 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 welfare of SC / ST employees are being scrupulously followed.
- ❖ ₹ 50,000 /- each was granted to MF SC/ST Employees Welfare Association and MF Dr.Ambedkar Employees Welfare 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**

- ❖ ₹ 50000/- was granted for celebrating Thanthai Periyar E V Ramasamy's Birthday on 17th September 2022 in a grand manner in commemoration of National Leader.
- ❖ 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 2022-23, 7 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**

1. The Government of India as per Government Order notification No.84/3/2017-HR-I dated July 17, 2023 has appointed Shri Kishor Rungta (DIN 00231106) as Chairman & Managing Director (Additional Charge) of the Company effective from June 16 2023 or till regular incumbent joins the post or until further orders whichever is the earliest, subject to his CVC clearance and approval from DoPT (ACC)". The Board has recommended the Members to appoint him as the Chairman & Managing Director additional charge of the Company in the 57<sup>th</sup> Annual General Meeting of the Company.
2. Shri Arvind Kumar (DIN 10117759), 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 February 10, 2023, until further orders. The Board has recommended the Members to appoint him as the Director of the Company in the 57<sup>th</sup> Annual General Meeting of the Company.



3. Dr Jatin Kumar Mohanty (DIN 02660442), was appointed as Additional Director being designated as Non-official Independent Director in the Board of Madras Fertilizers Limited in its 330th Meeting of the Company held on 08th August 2023 as recommended by the Appointment Committee of the Cabinet vide O.M.NO.20/64/2022-EO(ACC) dated 31.05.2023 and Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India vide its notification F.No.78/2/2006-HR-PSU (pt III) with effect from the notification i.e. June 20, 2023 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 57th 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, 2023, 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;
- the directors have prepared the annual accounts on a going concern basis.
- the directors have laid down internal financial control to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **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 and Business Responsibility 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.

### **Auditors**

- a. The Comptroller & Auditor General of India shall appoint the Statutory Auditors of the Company for the year 2023-24.
- b. Mrs. Aruna Prasad, Cost Accountant, has been re-appointed as Cost Auditor of the Company for the year 2023-24.
- 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 329th meeting held on May 21, 2023 has appointed M/s. V Esaki & Associates (M.No.30353), Practicing Company Secretary, as the Secretarial Auditor of your Company. The Secretarial Auditors' Report (**Form No.MR-3**) for the year 2022-23 is enclosed as **Annexure – VI & VIA**, 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 2022-23.

### **Committees**

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

### **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, 2023.

### **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 Company has carried out the following CSR activities during the financial year 2022-23. 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, 2023 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 2022-23 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 2023.

#### **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 (Additional Charge) and General Manager - Finance & Accounts (Additional Charge) was submitted to the Board of Directors at their 330th meeting held on 08th August 2023 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 28.07.2023 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 our 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  
For Madras Fertilizers Limited

Sd/-

**Kishor Rungta**  
**Chairman & Managing Director**  
**(Additional Charge)**  
**(DIN : 00231106)**

Chennai  
Aug 08,2023

**Annexure A****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- 2022-23

(in lacs)

| S No. | Particulars | Median Remuneration (₹) | Remuneration | Median Remuneration in % |
|-------|-------------|-------------------------|--------------|--------------------------|
| 1     | Director    | 22.48                   | 42.89        | 1.91 Times               |
| 2     | KMP         | 22.48                   | 22.98        | 1.02 Times               |

b. The Percentage increase in remuneration of Director, Chief Executive Officer, Company Secretary in the Financial Year- 2022-23

(in lacs)

| S No | Name           | Designation                      | 2021-22 | 2022-23 | % of increase of salary |
|------|----------------|----------------------------------|---------|---------|-------------------------|
| 1.   | U Saravanan    | Chairman and Managing Director * | 50.20   | 60.73   | 20.98                   |
| 2.   | Harsh Malhotra | Director (Technical)**           | 31.39   | 32.40   | 3.28                    |
| 3.   | Ram Ganesh R   | Company Secretary***             | - *     | 10.87   | NA                      |

\* up to 15.06.2023 \*\*up to 30.04.2023 \*\*\* joined on 18.07.22

c. The percentage increase / (decrease) in the median remuneration of employees in the Financial Year 2022-23

(In lacs)

| Particulars  | 2021-22 (Rs.) | 2022-23 (₹) | Percentage Increase of Median salary |
|--------------|---------------|-------------|--------------------------------------|
| Total Salary | 23.75         | 22.48       | 5.35                                 |

d. The number of permanent employees on the rolls of the Company

|                  | 2021-22 | 2022-23 |
|------------------|---------|---------|
| No. of Employees | 508     | 469     |

**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<br/>2022-23</b> | <b>Previous Year<br/>2021-22</b> |                |
|-----------------------------------------------|-----------------------------------|----------------------------------|----------------|
| <b>A. Power and fuel consumption</b>          |                                   |                                  |                |
| 1. Electricity                                |                                   |                                  |                |
| (a) Purchased                                 |                                   |                                  |                |
| Unit (lakhs) *                                | 1104.204                          | 1113.767                         |                |
| Total amount (₹ in lakhs)                     | 9160.00                           | 8535.571                         |                |
| Rate / unit (₹)                               | 8.30                              | 7.66                             |                |
| * Includes power consumed at TTP, Kodungaiyur |                                   |                                  |                |
| (b) Own generation                            |                                   |                                  |                |
| (i) Through diesel generator                  |                                   |                                  |                |
| Units (lakhs)                                 | 0.000                             | 0.000                            |                |
| Diesel consumption (KL)                       | 0.000                             | 0.000                            |                |
| Units per ltr. of diesel oil                  | 0.000                             | 0.000                            |                |
| Cost/unit (₹)                                 | 0.00                              | 0.00                             |                |
| 2. Coal                                       | Not applicable                    | Not applicable                   |                |
| 3. RLNG, Furnace oil & LSHS                   |                                   |                                  |                |
| Furnace Oil Quantity (tonnes)                 | 31886                             | 30785                            |                |
| Total cost (₹ per tonne)                      | 15015.253                         | 12532.198                        |                |
| Average rate (₹ per tonne)                    | 47090.42                          | 40708.78                         |                |
| RLNG Quantity (MMBTU)                         | 14510308                          | 13680870                         |                |
| Total cost (₹ in lakhs)                       | 246268.33                         | 144371.558                       |                |
| Average rate (₹ per tonne)                    | 1697.20                           | 1055.28                          |                |
| <b>B. Consumption per unit of Production</b>  |                                   |                                  |                |
|                                               | <b>FICC Norm</b>                  | <b>2022-23</b>                   | <b>2021-22</b> |
| (a) Product : Ammonia                         |                                   |                                  |                |
| Electricity (KWH) *                           | 115.000                           | 113.572                          | 113.780        |
| Fuel oil + LSHS (MT)                          | 0.2341                            | 0.0496                           | 0.00491        |
| RLNG (MMSCM)                                  |                                   | 0.00113                          | 0.00107        |
| * includes own generation                     |                                   |                                  |                |
| (b) Product: Urea                             |                                   |                                  |                |
| Electricity (KWH)                             | 202.000                           | 146.280                          | 150.214        |
| Fuel oil + LSHS (MT)                          | 0.1309                            | 0.0323                           | 0.0342         |
| RLNG(MMSCM)                                   |                                   | 0.0001                           | 0.0001         |
| (c) Product: NPK                              |                                   |                                  |                |
| Electricity (KWH)                             | 43.410                            | 71.187                           | 74.927         |
| Fuel oil + LSHS (MT)                          | 0.0069                            | 0.0088                           | 0.0087         |



## MADRAS FERTILIZERS LIMITED

### 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 Capital                              | Nil |
|   | Recurring (in lacs)                                     |     |
|   | Total (in lacs)                                         |     |
|   | 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

|                                  | 2022-23 |
|----------------------------------|---------|
| 1. Activities relating to export | Nil     |
| 2. Total Foreign Exchange used   | (₹ Cr)  |
| a. Raw Materials                 | Nil     |
| b. Components & Spare Parts      | 5.49    |
| c. Books & Periodicals / Travel  | -       |
|                                  | -----   |
|                                  | 5.49    |
|                                  | -----   |
| 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.

### 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 rainfall (477.7 mm) was abundant @ 42% excess against normal (336 mm) and 21% increase over CPLY (393.4 mm) but North East monsoon rainfall (344.5 mm) was not upto the expected level and 47% deficit against CPLY. Mettur is the major reservoir in Tamilnadu which caters around 16 lakh acres. Water release commenced well in-advance on May 24 against the customary date of 12th June and the crop coverage under Mettur was above normal. Due to good rainfall during Kharif season, most of the wells, tanks and reservoirs were filled that lead to increase in crop coverage over CPLY for Paddy, Sugarcane, Cotton and Maize. Produce price was good for Maize (Rs.2000 - 2400 per Quintal) and Cotton (Rs.8000 – 12000 per Quintal). Minimum Support Price of Paddy is not remunerative for farmers despite increase from Rs.1940 to Rs.2040 per Quintal. Sugarcane price has been increased from Rs.2850/T to Rs.3016/T (including special incentives given by Tamilnadu @ Rs.195/T). Yield for Paddy and Millets stood at @1400-1700 Kg/ac and for Pulses @300 Kg/ac. Total TN food grain production exceeded 120 lakh tonnes. Urea demand prevailed throughout the year due to short supplies and steep increase in the cost of Complex fertilizers. There was no impact on crop yield and production in spite of supply shortages & steep increase cost of Complex fertilizers.



**Puducherry** received 13% less rainfall over normal during the year 2022-23 which was mainly due to 25% deficit rainfall in Rabi. (Normal / annum - 1432.4 mm Actual- 1254.2 mm). Paddy crop coverage was normal with 50000 acres. No major reservoirs available in the UT. Paddy produce price ranged between Rs. 1400 – Rs.1650/per 77 Kg bag and is remunerative due to which farmers are preferring Paddy crop. MFL stood No.1 in Urea segment with 72.3% market share. MFL & SPIC are the major suppliers of Urea in the UT. NP segment dominated by FACT with 58 % market share. Restricted supply of MOP & higher cost impacted its consumption.

**Telangana** received 1267.40 mm rainfall against normal of 865.30 mm leading to good seasonal conditions. Major reservoirs viz. Nagarjuna Sagar, Sriram Sagar, Srishilam and Lower Manair Dam recorded normal water levels. During Kharif major crops like Paddy, Maize, Jowar, Cotton, Chillies, Pulses, Oil Seeds and other crops including Vegetables were sown in an area of 126.03 lakh acres which is more than normal of 123.34 lakh acres. During Rabi, Paddy, Maize, Groundnut, Pulses and other crops were sown in an area of 52.63 lakh acres against normal of 47.85 lakh acres. Supplies of both Complex & Urea fertilizers were in excess to the demand. 1956870.325 MT of Urea, 1330057.350 MT of NPKs and 73847.50 MT of MOP were sold in Telangana State.

In **Andhra Pradesh**, the rainfall received was 943.80 mm as against the normal of 886.70 mm showing an increase by 6.4 %. Farmers in East & West Godavari districts have skipped one dose of fertilizer application due to heavy rainfall and water stagnation in Agriculture fields during August month. Continuous rains in Anantapur & Satyasai districts during Dec'22 & Jan'23 damaged horticultural & orchard crops. During Kharif season, the coverage of Paddy, Groundnut and Pulses was reduced by 11.3%, 21.27% and 24.72% respectively. During Rabi season, coverage of Paddy & Pulses decreased by 16.85% & 24.67% respectively. During the year 2022-23, A volume of 910409 MT of Urea, 236784 MT of DAP, 818822 MT of NPK and 48684 MT of MoP were sold. Though there was slight increase in Current year produce price, with the escalation of inflation, it is not much beneficial to farmers when compared with last year prices. A Slight demand for NC Urea & MOP was observed in the months of December & January. However the year 2022-23 ended with an inventory of 2,20,452 MT of Urea, 69,381 MT of DAP, 2,32,669 MT of NPK(Complex) and 22,160 MT of MOP at AP Markfed & Wholesalers as of 31st Mar, 2023.

**Karnataka State** received a total rainfall of 1474 mm, which is 28% above normal of 1153 mm. As a result all reservoirs attained their full capacity and thereby a crop coverage of more than normal was observed. Though the productivity levels were below normal, the total food grain production was on par with previous year. The produce price of plantation crops like Coffee and Arecanut was significantly higher over CPLY i.e., Arabica Parchment Rs.15,000/-, Robusta Parchment Rs.9,000/- per 50 Kg. and Arecanut Rs.50000 to 60000/quintal. All field crops produce price was normal. Due to copious rains and more crop coverage, the fertilizer consumption increased to around 47.00 lac MTS in the current year from 45.00 lac MTS in the previous year. The supply of DAP & NPK Grades were limited during Kharif '2022 and was normal during Rabi & Summer seasons.

In **Kerala**, the state received 2840.600mm rainfall against the normal of 2948.600mm. All the Major reservoirs including Malampuzha attained full capacity & the dam was released for Agricultural purpose between 15th of November 2022 to 15th of February 2023. Heavy rainfall during Aug-Sep'2022 damaged many crops and adversely affected yields of Banana and Coffee. The Produce price of Rubber continues to be un-remunerative. Shortage of Urea, DAP and MOP were observed in most of the districts during agricultural season.

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

### **Strengths**

MFL's strength is its Highly skilled manpower, its flagship product 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

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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     |         |
|----------------------------------|---------|---------|---------|---------|
|                                  | 2021-22 | 2022-23 | 2021-22 | 2022-23 |
| Sales in MFL Marketing Territory | 61.45   | 65.91   | 53.19   | 50.64   |
| MFL Sales                        | 5.04    | 5.29    | 0.26    | 0.075   |

For Complex fertilizers, NBS is applicable from 1.4.2010 where the subsidy is being fixed by Government and the MRP is allowed to be fixed by manufacturers based on market dynamics. Due to steep increase in international prices of raw-materials during the year 2022-23, the subsidy for 17-17-17 was increased to Rs 32302/MT from Rs 12619/MT and for 20-20-0 - Rs 32940/- from Rs 12822/- which is an increase of 156% over previous year subsidy.

The consumption of UREA has marginally increased around 6.8% due to favorable agricultural situation and NP/NPK/NPKS (Other than DAP) consumption decreased by 5% over CPLY in MFL's territory due to short availability.

- ❖ MFL achieved **Rail : Road ratio of 86:14** for Urea movement against the DoF norms of 80:20, which is the best in last 12 years.
- ❖ **For the 4th Consecutive year** since 2019-20, MFL products were marketed without any additional rebates., thereby saved a financial outgo on marketing costs.



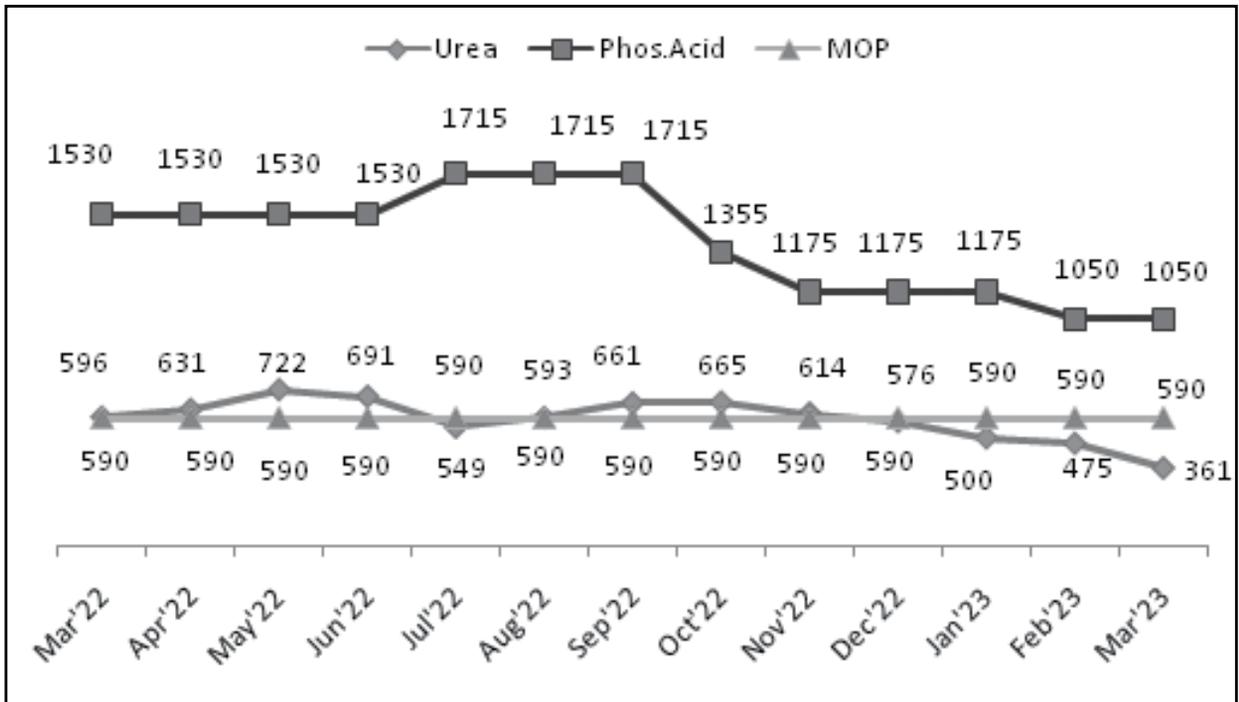
- ❖ **No credit period/Open credit** offered by MFL during the financial year, whereas Competitors offered several discounts/rebates and open credit facilities.
- ❖ **For the 5th consecutive year, achieved 100 % RTGS/online payments** for all the sales transactions.

**Global Scenario :**

During 2022-23, the International FoB Prices of Urea were in continuous fluctuating trend as compared to 2021-22. The Urea price that was at USD 596 PMT during Mar'22 touched its peak of USD 722 PMT by May'22 and further fluctuated between USD 549-691 PMT during Kharif'2022. Afterwards, there was a continuous fall in Prices during Rabi' 2022-23. Urea Price of USD 665 PMT during Oct'2022 fell to USD 361 PMT by Mar'2023. Overall there was a reduction of 39.43% in Prices of Urea by March 2023 when compared to Mar'2022. The Prices during the previous year ranged between USD 376-596 PMT.

Phosphoric acid CFR price was also in fluctuating trend. It was at USD 1530 PMT during Mar - Jun'2022, touched its peak at USD 1715 during Jul-Sep'22, declined to USD 1355/-PMT during Oct'22 and finally stabilized at USD 1175 PMT during Nov'22-Jan'23. The Prices further reduced to USD 1050 PMT during Feb-Mar'2022. Overall there was a reduction of 31.37% in Prices of Phosphoric acid when compared to Mar'2022. The Prices during previous year ranged between USD 795-1530 PMT.

MOP CFR price was stable at USD 590 PMT for the entire year 2022-23, and no fluctuations were observed. But it ranged between USD 247-590 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 2021-22 and 2022-23 are given below:

[Lakh MT]

| PRODUCT     | UREA    |         | DAP     |         | NP/NPK<br>(Other than DAP) |         | MOP *   |         |
|-------------|---------|---------|---------|---------|----------------------------|---------|---------|---------|
|             | 2021-22 | 2022-23 | 2021-22 | 2022-23 | 2021-22                    | 2022-23 | 2021-22 | 2022-23 |
| PRODUCTION  | 250.8   | 284.9   | 42.2    | 43.4    | 83.1                       | 92.9    | -       | -       |
| IMPORTS     | 91.4    | 75.8    | 54.6    | 65.8    | 11.7                       | 27.5    | 24.6    | 18.7    |
| CONSUMPTION | 341.8   | 357.3   | 92.7    | 105.3   | 114.8                      | 100.7   | 24.6    | 16.3    |

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

**All India Demand Forecast For Fertilizer Nutrients for the Periods 2022-23 to 2024-25**

[Lakh MT]

| PERIOD             | N     | P    | K    | TOTAL | RATIO (NPK)  |
|--------------------|-------|------|------|-------|--------------|
| 2022-23 *          | 202.1 | 79.1 | 17.2 | 298.4 | 11.8:4.6:1.0 |
| 2023-24 (Estd)     | 206.4 | 85.0 | 24.3 | 315.7 | 8.5:3.5:1.0  |
| 2024-25 (Forecast) | 211.1 | 87.1 | 25.3 | 323.5 | 8.3:3.4:1.0  |

\* = DBT Pos sale.

**All India Product-Wise Demand Forecast For 2022-23 To 2024-25**

[Lakh MT]

| PERIOD             | UREA  | DAP   | SSP  | MOP  | COMPLEX FERTILIZERS |
|--------------------|-------|-------|------|------|---------------------|
| 2022-23*           | 357.3 | 105.3 | 50.2 | 16.3 | 100.7               |
| 2023-24 (Estd)     | 364.3 | 112.9 | 54.2 | 23.5 | 110.8               |
| 2024-25 (Forecast) | 372.2 | 115.8 | 56.1 | 24.6 | 113.1               |

\* = DBT Pos sale.

The Demand forecast for nutrients and corresponding fertilizers 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) was included as 25th grade of P & K fertilizers for which a subsidy amount of Rs 1467/MT extended to Manufacturers effective Apr'2022. Any fortified fertilizers with secondary & micro-nutrients like Sulphur, Boron and Zinc will continue to be eligible for additional per MT subsidy of Rs 300/- respectively & for Zinc Rs 500/-.



## MADRAS FERTILIZERS LIMITED

The per kg Nutrient Based Subsidy for Nutrients 'N' 'P' 'K' for the period 2019-20 to 2022-23 is given below:

| Sl.No. | Nutrients | 2019-20 | 2020-21 | 2021-22 | 2022-23                  |                          |
|--------|-----------|---------|---------|---------|--------------------------|--------------------------|
|        |           |         |         |         | 01.04.2022 to 30.09.2022 | 01.10.2022 to 31.03.2023 |
| 1      | N         | 18.901  | 18.789  | 18.789  | 91.96                    | 98.02                    |
| 2      | P         | 15.216  | 14.888  | 45.323  | 72.74                    | 66.93                    |
| 3      | K         | 11.124  | 10.116  | 10.116  | 25.31                    | 23.65                    |
| 4      | S         | 3.562   | 2.374   | 2.374   | 6.94                     | 6.12                     |

For the current year 2022-23, GOI has increased NBS rate for 20:20:0 to ₹ 32,940 up to September 30, 2022 from the earlier year rate of ₹ 12,822 and a further increase of ₹ 32,991/- for October 01, 2022 to March 31, 2023.

### 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 2022-23 |
|----------------------------------|------------|
| (i) Debtors Turnover             | 6.84       |
| (ii) Inventory Turnover          | 1.19       |
| (iii) Interest Coverage Ratio    | 4.18       |
| (iv) Current Ratio               | 0.63       |
| (v) Debt Equity Ratio            | (5.20)     |
| (vi) Operating Profit Margin (%) | 9.76       |
| (vii) Net Profit Margin (%)      | 5.38%      |
| (viii) Return on Net worth       | NA         |



**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, one program was conducted on November 09, 2022 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 2022-23:

|                                            |   |     |
|--------------------------------------------|---|-----|
| 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, Naffiran Intertrade Co. Ltd., has appointed three Directors. Three Non-official independent directors are appointed by the Government of India.

#### Other Details relating to the Board

| S.No. | Director                                    | Category                            | Tenure     |            |              | In other Boards / Committees |               | Directorship in other listed entity   |
|-------|---------------------------------------------|-------------------------------------|------------|------------|--------------|------------------------------|---------------|---------------------------------------|
|       |                                             |                                     | From       | To         | Directorship | Member-ship                  | Chairman-ship |                                       |
| 1     | Shri Kishor Rungta (DIN 00231106)           | CMD (Additional Charge)             | 16.06.2023 | Continuing | 3            | -                            | -             | FACT                                  |
| 2     | Shri U Saravanan (DIN 07274628)             | CMD                                 | 01.11.2018 | 15.06.2023 | -            | -                            | -             | -                                     |
| 3     | Shri Arvind Kumar (DIN 10117759)            | NED (GOI Nominee)                   | 10.02.2023 | Continuing | -            | -                            | -             | -                                     |
| 4     | Shri K Gurumurthy (DIN 08741900)            | NED (GOI Nominee)                   | 29.09.2021 | 10.02.2023 | -            | -                            | -             | ---                                   |
| 5     | Dr K Jayachandran (DIN 10062573)            | Director (Technical) – Addl. Charge | 01.05.2023 | Continuing | 1            | -                            | -             | FACT                                  |
| 6     | Shri Harsh Malhotra (DIN 08520873)          | Director (Technical)                | 22.07.2019 | 30.04.2023 | -            | -                            | -             | ---                                   |
| 7     | Shri Mohammad Bagher Dakhili (DIN 07704367) | NED (NICO Nominee)                  | 18.02.2017 | Continuing | 1            | 1                            | -             | Chennai Petroleum Corporation Limited |



## MADRAS FERTILIZERS LIMITED

| S.No. | Director                                  | Category           | Tenure     |            |              | In other Boards / Committees |              |                                       | Directorship in other listed entity |
|-------|-------------------------------------------|--------------------|------------|------------|--------------|------------------------------|--------------|---------------------------------------|-------------------------------------|
|       |                                           |                    | From       | To         | Directorship | Membership                   | Chairmanship |                                       |                                     |
| 8     | Shri Babak Bagherpour (DIN 08341090)      | NED (NICO Nominee) | 23.10.2018 | Continuing | 1            | 1                            | -            | Chennai Petroleum Corporation Limited |                                     |
| 9     | Smt. Samieh Kokabi (DIN 09066692)         | NED (NICO Nominee) | 10.02.2021 | Continuing | -            | -                            | -            | ---                                   |                                     |
| 10    | Shri Nalabothu Venkata Rao (DIN 00310724) | Independent        | 05.11.2021 | Continuing | 9            | -                            | -            | ---                                   |                                     |
| 11    | Dr C R Jayanthi (DIN 09450350)            | Independent        | 28.12.2021 | Continuing | -            | -                            | -            | ---                                   |                                     |
| 12    | Shri Sanjay Shetye (DIN 01089380)         | Independent        | 31.12.2021 | Continuing | 3            | -                            | -            | ---                                   |                                     |
| 13    | Dr Jatin Kumar Mohanty (DIN 02660442)     | Independent        | 20.06.2023 | Continuing | 2            | -                            | -            | --                                    |                                     |

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 2022-23 are tabulated below:

### Board Meeting

During the year, Seven (7) meetings of the Board were held on 19.05.2022, 18.07.2022, 08.08.2022, 07.11.2022, 28.12.2022, 07.02.2023 & 31.03.2023. The Annual General Meeting was held on 21st September 2022 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 21.09.2022 |
|-------|------------------------------|----------------------|------------|------------|------------------------------------------------------|----------|----------------------------------------------|
|       |                              |                      | From       | To         | Held                                                 | Attended |                                              |
| 1     | Shri U Saravanan             | CMD                  | 01.11.2018 | 15.06.2023 | 7                                                    | 7        | Yes                                          |
| 2     | Shri Arvind Kumar (DIN)      | NED (GOI Nominee)    | 10.02.2023 | Continuing | 1                                                    | 1        | NA                                           |
| 3     | Shri K Gurusurthy            | NED-GOI Nominee      | 29.09.2021 | 10.02.2023 | 4                                                    | 4        | Yes                                          |
| 4     | Shri Harsh Malhotra          | Director (Technical) | 22.07.2019 | 30.04.2023 | 7                                                    | 7        | Yes                                          |
| 5     | Shri Mohammad Bagher Dakhili | NED-NICO Nominee     | 18.02.2017 | Continuing | 7                                                    | 6        | No                                           |
| 6     | Shri Babak Bagherpour        | NED-NICO Nominee     | 23.10.2018 | Continuing | 7                                                    | 5        | Yes                                          |
| 7     | Smt. Samieh Kokabi           | NED-NICO Nominee     | 10.02.2021 | Continuing | 7                                                    | 6        | No                                           |
| 8     | Shri Nalabothu Venkata Rao   | Independent          | 05.11.2021 | Continuing | 7                                                    | 7        | Yes                                          |
| 9     | Dr C R Jayanthi              | Independent          | 28.12.2021 | Continuing | 7                                                    | 7        | Yes                                          |
| 10    | Shri Sanjay Shetye           | Independent          | 31.12.2021 | Continuing | 7                                                    | 7        | Yes                                          |



## MADRAS FERTILIZERS LIMITED

### 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

| Name of Director             | Skills/expertise/competencies             |                        |                                   |                     |                                       |
|------------------------------|-------------------------------------------|------------------------|-----------------------------------|---------------------|---------------------------------------|
|                              | Corporate Governance and Legal Compliance | Accounting and Finance | Leadership and General Management | Industry Experience | Strategic Planning and Implementation |
| Shri Kishor Rungta           | √                                         | √                      | √                                 | √                   | √                                     |
| Shri U Saravanan             | √                                         | √                      | √                                 | √                   | √                                     |
| Shri Arvind Kumar            | √                                         | √                      | √                                 | √                   | √                                     |
| Shri K Gurumurthy            | √                                         | √                      | √                                 | √                   | √                                     |
| Shri Harsh Malhotra          | √                                         | √                      | √                                 | √                   | √                                     |
| Dr. K Jayachandran           | √                                         | √                      | √                                 | √                   | √                                     |
| Shri Mohammad Bagher Dakhili | √                                         | √                      | √                                 | √                   | √                                     |
| Shri Babak Bagherpour        | √                                         | √                      | √                                 | √                   | √                                     |
| Smt. Samieh Kokabi           | √                                         | √                      | √                                 | √                   | √                                     |
| Shri Nalabothu Venkata Rao   | √                                         | √                      | √                                 | √                   | √                                     |
| Dr C R Jayanthi              | √                                         | √                      | √                                 | √                   | √                                     |
| Shri Sanjay Shetye           | √                                         | √                      | √                                 | √                   | √                                     |
| Dr. Jatin Kumar Mohanty      | √                                         | √                      | √                                 | √                   | √                                     |

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 2022-23, the Audit Committee met Five (5) times on i.e. 19.05.2022, 18.07.2022, 08.08.2022, 07.11.2022, 07.02.2023. 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 | 5                    | 5                        |
| 2     | Shri K Gurumurthy                   | Member (GOI Nominee)   | 10.02.2022 | 10.02.2023 | 5                    | 4                        |
| 3     | Shri Mohammad Bagher Dakhili        | Member (NICO Nominee)  | 18.02.2017 | 18.07.2022 | 2                    | 2                        |
| 4     | Dr C R Jayanthi                     | Member (Independent)   | 10.02.2022 | Continuing | 5                    | 5                        |
| 5     | Shri Sanjay Shetye                  | Member (Independent)   | 10.02.2022 | Continuing | 5                    | 5                        |
| 6     | Shri Arvind Kumar                   | Member (GOI Nominee)   | 31.03.2023 | Continuing | -                    | -                        |



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.
  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;
-



## MADRAS FERTILIZERS LIMITED

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 2022-23, the Nomination and Remuneration Committee (NRC) met on July 18, 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 | 07.11.2022 | 1                    | 1                        |
| 3     | Shri U Saravanan           | Member (CMD)           | 10.02.2022 | 15.06.2023 | 1                    | 1                        |
| 4     | Smt. Samieh Kokabi         | Member (NICO Nominee)  | 10.02.2021 | 07.11.2022 | 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 ₹ 1,03,62,487/-.

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 2022-23, the Stakeholders Relationship Committee (SRC) met on February 07, 2023. 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 U Saravanan             | Member (CMD)            | 13.08.2015 | 15.06.2023 | 1                    | 1                        |
| 3     | Shri K Gurumurthy            | Member (GOI Nominee)    | 10.02.2022 | 10.02.2023 | 1                    | 0                        |
| 4     | Shri Nalabothu Venkata Rao   | Member (Independent)    | 10.02.2022 | Continuing | 1                    | 1                        |

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 2022-23, 23 (Twenty three) Share Transfer Committee Meetings have been held to consider share transfer and other share related matters.



## MADRAS FERTILIZERS LIMITED

Total number of complaints redressed by the Company and Share Transfer Agents during the period was 33 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, 2023.

### Risk Management Committee

During the year 2022-23, the Risk Management Committee (RMC) met on 28.12.2022 & 07.02.2023 Details of attendance of the members of RMC Meeting is as follows:-

| S.No. | Name of the RMC 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 U Saravanan             | Member (CMD)                  | 12.08.2016 | 15.06.2023 | 2                    | 2                        |
| 3     | Shri Mohammad Bagher Dakhili | Member (NICO Nominee)         | 10.02.2022 | Continuing | 2                    | 2                        |
| 4     | Shri Harsh Malhotra          | Member (Director (Technical)) | 10.02.2022 | 30.04.2023 | 2                    | 2                        |

### Terms of Reference:

- 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.
  - Measures for risk mitigation including systems and processes for internal control of identified risks.
  - Business continuity plan.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- 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 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       |
|-----------|-------------------------------------------------------------------------------------|---------------------------|------------|
| 2021-2022 | Meeting conducted through Video Conference ("VC")/Other Audio Visual Means ("OAVM") | 21.09.2022<br>(Wednesday) | 11.00 A.M. |
| 2020-2021 | Meeting conducted through Video Conference ("VC")/Other Audio Visual Means ("OAVM") | 30.09.2021<br>(Thursday)  | 11.00 A.M. |
| 2019-2020 | Meeting conducted through Video Conference ("VC")/Other Audio Visual Means ("OAVM") | 29.12.2020<br>(Monday)    | 11.00 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.

**Total fees for all services paid to the statutory auditor by the Company for the FY 2022-23 was ₹ 20 lacs.**

**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).



## MADRAS FERTILIZERS LIMITED

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

### General Shareholders Information

Annual General Meeting, Date, Time and Venue:

|                                                                   |   |                                                |
|-------------------------------------------------------------------|---|------------------------------------------------|
| AGM Date                                                          | : | <b>25<sup>th</sup> September 2023</b>          |
| Time                                                              | : | 11,00 a.m.                                     |
| Venue                                                             | : | Video Conferencing / AV means                  |
| Financial Year                                                    | : | April 2022 – March 2023                        |
| Book Closure Date                                                 | : | 19-09-2023 to 25-09-2023 (both days inclusive) |
| Dividend Payment                                                  | : | Nil                                            |
| Whether Management Discussion and Analysis is part of this report | : | Yes                                            |
| Listing on Stock Exchanges                                        | : | National Stock Exchange of India Ltd           |

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

|                                      |   |            |
|--------------------------------------|---|------------|
| Stock Code / Symbol                  | : |            |
| National Stock Exchange of India Ltd | : | MADRASFERT |

High / Low share prices during the year April 1, 2022 to March 31, 2023

### National Stock Exchange of India Ltd

| Month    | NSE High<br>(₹) | NSE Low<br>(₹) | S & P CNX Nifty<br>Index High | S & P CNX Nifty<br>Index Low | Traded Volume<br>(in lacs) | Traded Value<br>(₹ lacs) |
|----------|-----------------|----------------|-------------------------------|------------------------------|----------------------------|--------------------------|
| Apr 2022 | 61.80           | 47.80          | 18114.65                      | 16824.70                     | 313.38                     | 16990.13                 |
| May      | 54.50           | 41.40          | 17132.85                      | 15735.75                     | 143.01                     | 7057.72                  |
| Jun      | 53.40           | 36.35          | 16793.85                      | 15183.40                     | 89.56                      | 4195.37                  |
| Jul      | 50.65           | 42.45          | 17172.80                      | 15511.05                     | 63.07                      | 2931.12                  |
| Aug      | 54.55           | 44.55          | 17992.20                      | 17154.80                     | 159.62                     | 7991.45                  |
| Sep      | 57.50           | 45.30          | 18096.15                      | 16747.70                     | 165.74                     | 8860.36                  |
| Oct      | 54.35           | 48.15          | 18022.80                      | 16855.55                     | 45.20                      | 2315.70                  |
| Nov      | 55.30           | 44.00          | 18816.05                      | 17959.20                     | 146.53                     | 7467.97                  |
| Dec      | 96.45           | 52.40          | 18887.60                      | 17774.25                     | 1212.12                    | 93469.93                 |
| Jan 2023 | 78.45           | 58.20          | 18251.95                      | 17405.55                     | 193.19                     | 13764.44                 |
| Feb      | 65.95           | 54.05          | 18134.75                      | 17255.20                     | 141.80                     | 8517.65                  |
| Mar      | 64.75           | 53.20          | 17799.95                      | 16828.35                     | 158.32                     | 9488.67                  |



### **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 : [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in)

### **Dematerialisation of Shares:**

MFL has connectivity with both NSDL and CDSL

ISIN No : INE 414A01015

15,74,42,898 equity shares (representing 97.73% of total shares) have been dematerialized as of March 31, 2023. In terms of number of shareholders, 84.61 % of shareholders have dematted their shares.



## MADRAS FERTILIZERS LIMITED

### Distribution of Shareholding:

The distribution of shareholding as on March 31, 2023 is as follows:

| Sl No | Category of Shares | PHYSICAL    |                |             | NSDL         |                  |              | CDSL         |                |             | TOTAL        |                  |               |
|-------|--------------------|-------------|----------------|-------------|--------------|------------------|--------------|--------------|----------------|-------------|--------------|------------------|---------------|
|       |                    | Holder      | Shares         | % Holder    | Holder       | Shares           | %            | Holder       | Shares         | %           | Holder       | Shares           | %             |
| 1     | Up to 500          | 6021        | 1661902        | 1.03        | 12374        | 1925540          | 1.20         | 24390        | 2546476        | 1.58        | 42785        | 6133918          | 3.81          |
| 2     | 501 - 1000         | 1543        | 1507900        | 0.94        | 1696         | 1502840          | 0.93         | 1746         | 1447349        | 0.90        | 4985         | 4458089          | 2.77          |
| 3     | 1001 - 2000        | 168         | 307000         | 0.19        | 690          | 1096199          | 0.68         | 785          | 1208439        | 0.75        | 1643         | 2611638          | 1.62          |
| 4     | 2001 - 3000        | 31          | 87600          | 0.05        | 196          | 522865           | 0.32         | 216          | 552403         | 0.34        | 443          | 1162868          | 0.72          |
| 5     | 3001 - 4000        | 5           | 17100          | 0.01        | 97           | 353954           | 0.22         | 98           | 356781         | 0.22        | 200          | 727835           | 0.45          |
| 6     | 4001 - 5000        | 13          | 64900          | 0.04        | 75           | 364486           | 0.23         | 98           | 464045         | 0.29        | 186          | 893431           | 0.55          |
| 7     | 5001 - 10000       | 2           | 12000          | 0.01        | 97           | 760493           | 0.47         | 101          | 727443         | 0.45        | 200          | 1499936          | 0.93          |
| 8     | 10001 and Above    | 0           | 0              | 0.00        | 73           | 141892358        | 88.08        | 70           | 1721227        | 1.07        | 143          | 143613585        | 89.14         |
|       | <b>Total</b>       | <b>7783</b> | <b>3658402</b> | <b>2.27</b> | <b>15298</b> | <b>148418735</b> | <b>92.13</b> | <b>27504</b> | <b>9024163</b> | <b>5.60</b> | <b>50585</b> | <b>161101300</b> | <b>100.00</b> |

Category of Shareholders as on March 31, 2023 as follows:

| Sl. No | Category             | Physical       |              |                | Electronic   |               |                  | Total          |              |               |                  |               |
|--------|----------------------|----------------|--------------|----------------|--------------|---------------|------------------|----------------|--------------|---------------|------------------|---------------|
|        |                      | No. of Holders | % of Holders | No. of Shares  | % of Holders | No. of Shares | % of shares      | No. of Holders | % of Holders | No. of Shares | % of shares      |               |
| 1      | BANK'S               | 13             | 0.03         | 34600          | 0.02         | 0             | 0                | 0              | 13           | 0.03          | 34600            | 0.02          |
| 2      | BODIES CORPORATE     | 77             | 0.15         | 124000         | 0.08         | 126           | 845946           | 0.53           | 203          | 0.40          | 969946           | 0.60          |
| 3      | CLEARING MEMBER      | 0              | 0.00         | 0              | 0            | 26            | 41908            | 0.03           | 26           | 0.05          | 41908            | 0.03          |
| 4      | EMPLOYEES            | 77             | 0.15         | 64900          | 0.04         | 0             | 0                | 0              | 77           | 0.15          | 64900            | 0.04          |
| 5      | FOREIGN PROMOTERS    | 0              | 0.00         | 0              | 0            | 1             | 41516500         | 25.77          | 1            | 0             | 41516500         | 25.77         |
| 6      | GOVERNMENT/PROMOTERS | 0              | 0.00         | 0              | 0            | 1             | 95851700         | 59.50          | 1            | 0             | 95851700         | 59.50         |
| 7      | LLP                  | 0              | 0.00         | 0              | 0            | 7             | 53143            | 0.03           | 7            | 0.01          | 53143            | 0.03          |
| 8      | MUTUAL FUND          | 1              | 0.00         | 2400           | 0            | 0             | 0                | 0              | 1            | 0             | 2400             | 0.00          |
| 9      | NRI                  | 0              | 0.00         | 0              | 0            | 264           | 497614           | 0.31           | 264          | 0.52          | 497614           | 0.31          |
| 11     | NBFCs                | 0              | 0.00         | 0              | 0            | 1             | 30000            | 0.02           | 1            | 0             | 30000            | 0.02          |
| 12     | RESIDENT INDIAN      | 7615           | 15.05        | 3432502        | 2.13         | 42376         | 18606087         | 11.55          | 49991        | 98.83         | 22038589         | 13.68         |
|        | <b>Total</b>         | <b>7783</b>    | <b>15.39</b> | <b>3658402</b> | <b>2.27</b>  | <b>42802</b>  | <b>157442898</b> | <b>97.73</b>   | <b>50585</b> | <b>100.00</b> | <b>161101300</b> | <b>100.00</b> |



## MADRAS FERTILIZERS LIMITED

### Mode-wise Shareholdings as on March 31, 2023

| Mode        | Count | Shares    | %      |
|-------------|-------|-----------|--------|
| Physical    | 7783  | 3658402   | 2.27   |
| NSDL        | 15298 | 148418735 | 92.13  |
| CDSL        | 27504 | 9024163   | 5.60   |
| Grand total | 50585 | 161101300 | 100.00 |

| Category                                | Count | Shares    | %      |
|-----------------------------------------|-------|-----------|--------|
| Government of India                     | 1     | 95851700  | 59.50  |
| Naftiran Inter Trade Company (NICO) Ltd | 1     | 41516500  | 25.77  |
| Others                                  | 50583 | 23733100  | 14.73  |
| GRAND TOTAL                             | 50585 | 161101300 | 100.00 |

Plant Location : Manali, Chennai 600 068

#### The Address for correspondence is

R Ram Ganesh  
Company Secretary & 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 2023, 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 : A030353E000689396

Place : Chennai  
Date : 27/07/2023

**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                                                                                                              |
| 6  | 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                                                                                                                                                                                                                   | : | 2022-23                                                                                                                                            |
| 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                                                                                                                                   | : | R. Ram Ganesh<br>Company Secretary & Compliance Officer<br>Madras Fertilizers Limited<br>Manali, Chennai 600068<br>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 fertilizer | 20122    | 2%                              |
| 2.     | Neem Coated Urea       | 20121    | 98%                             |



## MADRAS FERTILIZERS LIMITED

### 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 5449 dealers in different categories which are detailed below :

| Gen  | SC   | ST  | Unemp | Govt | Ex-Ser | PH | Coop | Inst | Others | Total |
|------|------|-----|-------|------|--------|----|------|------|--------|-------|
| 3552 | 1402 | 221 | 36    | 5    | 8      | 7  | 215  | 0    | 3      | 5449  |

### 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)            | 289       | 262     | 90.65%    | 27      | 9.34%     |
| 2.               | Other than Permanent (E) | NIL       |         |           |         |           |
| 3.               | Total employees (D + E)  | 289       | 262     | 60.65%    | 27      | 9.34%     |
| <b>WORKERS</b>   |                          |           |         |           |         |           |
| 4.               | Permanent (F)            | 180       | 172     | 95.55%    | 8       | 4.44%     |
| 5.               | Other than Permanent (G) | 2036      | 1987    | 97.59%    | 49      | 2.41%     |
| 6.               | Total workers (F + G)    | 2216      | 2159    | 97.42%    | 57      | 2.57%     |



**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%      | 0       | 0         |
| 2.                                 | Other than Permanent (E)                  | NIL       |         |           |         |           |
| 3.                                 | Total differently abled employees (D + E) | 3         | 3       | 100%      | 0       | 0         |
| <b>DIFFERENTLY ABLED WORKERS</b>   |                                           |           |         |           |         |           |
| 4.                                 | Permanent (F)                             | 1         | 1       | 100%      | 0       | 0         |
| 5.                                 | Other than permanent (G)                  | NIL       |         |           |         |           |
| 6.                                 | Total differently abled workers (F + G)   | 1         | 1       | 100%      | 0       | 0         |

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

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

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

|                     | FY 2022-23 (Turnover rate in current FY) |        |       | FY 2021-22 (Turnover rate in previous FY) |        |       | FY 2020-21 (Turnover rate in the year prior to the previous FY) |        |       |
|---------------------|------------------------------------------|--------|-------|-------------------------------------------|--------|-------|-----------------------------------------------------------------|--------|-------|
|                     | Male                                     | Female | Total | Male                                      | Female | Total | Male                                                            | Female | Total |
| Permanent Employees | 0.38                                     | 0      | 0.38  | 1.3                                       | 0      | 1.3   | 0.3                                                             | 0      | 0.3   |
| Permanent Workers   | 0.58                                     | 0      | 0.58  | 0.6                                       | 0      | 0.6   | 1.1                                                             | 0      | 1.1   |

**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) Yes**

- (ii) Turnover (in Rs.) : 3461.14 Crores  
 (iii) Net worth (in Rs.) : (287.07)  
 (iv) Amount spent as CSR : Rs.10 lacs

Company has spent excess amount as CSR in the previous years and hence the same is being utilized for set off.

**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 2022-23<br>Current Financial Year                         |                                            |                                                              | FY 2021-22<br>Previous Financial Year |                                            |                                                              |
|---------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------|--------------------------------------------------------------|---------------------------------------|--------------------------------------------|--------------------------------------------------------------|
|                                                   |                                                                       | (If Yes, then provide web-link for grievance redress policy) | 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 |
| Communities                                       | Yes<br><a href="http://www.madrasfert.co.in">www.madrasfert.co.in</a> | Nil                                                          | Nil                                        | Nil                                                          | One                                   | One                                        | 10 community verification in one complaint received          |
| Investors (other than shareholders)               | Nil                                                                   | Nil                                                          | Nil                                        | Nil                                                          | Nil                                   | Nil                                        | Nil                                                          |
| Shareholders                                      | Yes<br><a href="http://www.madrasfert.co.in">www.madrasfert.co.in</a> | 33                                                           | Nil                                        | Nil                                                          | 54                                    | Nil                                        | Nil                                                          |
| Employees and workers                             | Yes<br><a href="http://www.madrasfert.co.in">www.madrasfert.co.in</a> | Nil                                                          | Nil                                        | Nil                                                          | Nil                                   | Nil                                        | Nil                                                          |
| Customers                                         | Yes<br><a href="http://www.madrasfert.co.in">www.madrasfert.co.in</a> | 4                                                            | Nil                                        | Nil                                                          | 2                                     | 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 nitigate                                                                                                                        | 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.

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

|                                                                                                                 |                                                                                                                                                                                                                                                    |     |     |     |     |     |    |     |     |
|-----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----|-----|-----|-----|----|-----|-----|
| 1. 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 | 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                                                                          | <a href="http://www.madrasfert.co.in">www.madrasfert.co.in</a><br>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).          | Company Secretary and Compliance Officer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 9 | Does the entity have a specified committee of the board/ director responsible for decision making on sustainability related issues? | <p>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.</p> <p>The BR performance of the Company is assessed by the following committees of the board:</p> <ul style="list-style-type: none"> <li>i. The Audit and Governance Committee;</li> <li>ii. The Corporate Social Responsibility Committee;</li> <li>iii. The Stakeholders Relationship Committee.</li> <li>iv. Risk Management Committee</li> <li>v. Nomination and Remuneration Committee</li> </ul> |

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

| Subject for Review                                                                                             | Review of principles undertaken by and 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                                                      | Familiarisation Programme                                                                                                          | 100                                                                      |
| Key Managerial Personnel          | 1                                                      | ESG                                                                                                                                | 100                                                                      |
| 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):

| <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                                    |



## MADRAS FERTILIZERS LIMITED

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:

|           | FY 2022-23 | FY 2021-22 |
|-----------|------------|------------|
| Directors | Nil        | Nil        |
| KMPs      | Nil        | Nil        |
| Employees | Nil        | Nil        |
| Workers   | Nil        | Nil        |

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

|                                                                                              | FY 2022-23 |         | FY 2021-22 |         |
|----------------------------------------------------------------------------------------------|------------|---------|------------|---------|
|                                                                                              | Number     | Remarks | Number     | Remarks |
| 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**

- 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  |

- Does the entity have procedures in place for sustainable sourcing? (Yes/No)
  - If yes, what percentage of inputs were sourced sustainably? NA
- 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

- 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.

No.

**Leadership Indicators**

- 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)<br>If yes, provide the web-link. |
|----------|--------------------------|---------------------------------|-------------------------------------------------------------------------|-----------------------------------------------------------|---------------------------------------------------------------------------------|
| Nil      |                          |                                 |                                                                         |                                                           |                                                                                 |

- 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                       |                                   |              |

- 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 2022-23                                           | FY 2021-22 |
| Nil                     | -                                                    | -          |



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 2022-23<br>Current Financial Year |          |                 | FY 2021-22<br>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      | Nil             | Nil                                   | Nil      | 13.5 MT         |
| 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 |           |
|                                       |                           | Number (B)       | % covered | Number (B)         | % covered | Number (B)         | % covered | Number (B)         | % covered | Number (B)          | % covered |
| <b>Permanent employees</b>            |                           |                  |           |                    |           |                    |           |                    |           |                     |           |
| Male                                  | 434                       | 434              | 100       | 434                | 100       | NA                 | NA        | 15                 | 2.95      | NA                  | NA        |
| Female                                | 35                        | 35               | 100       | 35                 | 100       | 2                  | 0.39      | NA                 | NA        | NA                  | NA        |
| Total                                 | 469                       | 469              | 100       | 469                | 100       | 2                  | 0.39      | 15                 | 2.95      | NA                  | NA        |
| <b>Other than Permanent employees</b> |                           |                  |           |                    |           |                    |           |                    |           |                     |           |
| Male                                  | 1987                      | 1987             | 97.59     | 1987               | 97.59     | 0                  | 0         | 10                 | 0.49      | 1987                | 97.59     |
| Female                                | 49                        | 49               | 2.41      | 49                 | 5.41      | 10                 | 0         | 0                  | 0         | 49                  | 2.41      |
| Total                                 | 2036                      | 2036             | 100       | 2036               | 100       | 10                 | 10        | 10                 | 0.49      | 2036                | 100       |



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

| Benefits                   | FY 2022-23<br>Current Financial Year                                                 |                                                |                                                      | FY 2021-22<br>Previous Financial Year                                                |                                                |                                                      |
|----------------------------|--------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------------|--------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------------|
|                            | No. of employees covered as a % of total employees                                   | No. of workers covered as a % of total Workers | Deducted and deposited with the authority (Y/N/N.A.) | No. of employees covered as a % of total employees                                   | 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 –<br>Please specify | Retirement medical reimbursement, Superannuation, PF & LIC pension & Benevolent fund | 100                                            | NA                                                   | Retirement medical reimbursement, Superannuation, PF & LIC pension & Benevolent fund | NA                                             | 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.

|        | Permanent Employees |                |
|--------|---------------------|----------------|
|        | Return to work rate | Retention rate |
| Gender |                     |                |
| 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<br>Internal Grievance Committee<br>Sexual Harassment Committee |
| Other than Permanent Workers   |                                                                    |
| Permanent Employees            |                                                                    |
| Other than Permanent Employees |                                                                    |



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

| Category                  | FY 2022-23<br>Current Financial Year               |                                                                                              |         | FY 2021-22<br>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 | 289                                                | 178                                                                                          | 61.59   | 323                                                | 188                                                                                          | 58.20%  |
| Male                      | 262                                                | 178                                                                                          | 67.93   | 293                                                | 179                                                                                          | 61.09%  |
| Female                    | 27                                                 | 14                                                                                           | 51.85   | 30                                                 | 9                                                                                            | 30.00%  |

8. Details of training given to employees and workers :

| Category         | FY 2022-23 Current Financial Year |                               |           |                      |            | FY 2021-22 Previous Financial Year |                               |           |                      |            |
|------------------|-----------------------------------|-------------------------------|-----------|----------------------|------------|------------------------------------|-------------------------------|-----------|----------------------|------------|
|                  | Total (A)                         | On Health and safety measures |           | On Skill upgradation |            | Total (D)                          | On Health and safety measures |           | On Skill upgradation |            |
|                  |                                   | No. (B)                       | % (B / A) | No. (C)              | % (C / A)  |                                    | No. (E)                       | % (E / D) | No. (F)              | % (F / D)  |
| <b>Employees</b> |                                   |                               |           |                      |            |                                    |                               |           |                      |            |
| Male             | 45                                | 0                             | 0         | 45                   | 100        | 247                                | 6                             | 2         | 241                  | 98         |
| Female           | 54                                | 0                             | 0         | 54                   | 100        | 25                                 | 0                             | 0         | 25                   | 100        |
| <b>Total</b>     | <b>99</b>                         | <b>0</b>                      | <b>0</b>  | <b>99</b>            | <b>100</b> | <b>272</b>                         | <b>6</b>                      | <b>2</b>  | <b>266</b>           | <b>98</b>  |
| <b>Workers</b>   |                                   |                               |           |                      |            |                                    |                               |           |                      |            |
| Male             | -                                 | -                             | -         | -                    | -          | 0                                  | 0                             | 0         | 0                    | 0          |
| Female           | 31                                | -                             | -         | 31                   | 100        | 8                                  | 0                             | 0         | 8                    | 100        |
| <b>Total</b>     | <b>31</b>                         | <b>-</b>                      | <b>-</b>  | <b>31</b>            | <b>100</b> | <b>8</b>                           | <b>0</b>                      | <b>0</b>  | <b>8</b>             | <b>100</b> |

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

| Category         | FY 2022-23 Current Financial Year |            |            | FY 2021-22 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        |
| <b>Total</b>     | <b>Nil</b>                        | <b>Nil</b> | <b>Nil</b> | <b>Nil</b>                         | <b>Nil</b> | <b>Nil</b> |
| <b>Workers</b>   |                                   |            |            |                                    |            |            |
| Male             | Nil                               | Nil        | Nil        | Nil                                | Nil        | Nil        |
| Female           | Nil                               | Nil        | Nil        | Nil                                | Nil        | Nil        |
| <b>Total</b>     | <b>Nil</b>                        | <b>Nil</b> | <b>Nil</b> | <b>Nil</b>                         | <b>Nil</b> | <b>Nil</b> |



**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. The Company recognises the risks of infections that could take place in the office premises. To minimise these risks, the Company took necessary precautions at the offices, which included sanitisation of all office premises, removal of biometric scanners, installation of thermal scanners, daily communication updates, and restricted movements in common areas, closure of recreational facilities and avoidance of large gatherings. The Company also adhered to all the government directives and issued travel and health advisories to its employees.

- 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:**

| Safety Incident/Number                                                        | Category  | FY 2022-23<br>Current Financial<br>Year | FY 2021-22<br>Previous<br>Financial Year |
|-------------------------------------------------------------------------------|-----------|-----------------------------------------|------------------------------------------|
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) | Employees | 1                                       | Nil                                      |
|                                                                               | Workers   | Nil                                     | Nil                                      |
| Total recordable work-related injuries                                        | Employees | 1                                       | 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 premises. For employees and workers are given training on fire safety and evacuation drills. Fire drills, mock drills and audits are conducted in the premises to ensure maintenance of safety standards.

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

|                    | FY 2022-23 (Current Financial Year) |                                       |         | FY 2021-22 (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 |
| 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
3. FMEA Analysis 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:

| Category  | 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 2022-23 (Current Financial Year)       | FY 2021-22 (Previous Financial Year) | FY 2022-23 (Current Financial Year)                                                                                                               | FY 2021-22 (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**

1. 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

2. 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

- 1. 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.

- 2. 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.

- 3. 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:

Table with 7 columns: Category, FY 2021-22 Current Financial Year (Total, No. of employees/workers covered, %), and FY 2020-21 Previous Financial Year (Total, No. of employees/workers covered, %). Rows include Employees (Permanent, Other than permanent, Total) and Workers (Permanent, Other than permanent, Total).



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

| Category             | FY 2022-23 Current Financial Year |                       |         |                        |         | FY 2021-22 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>        | -                                 | -                     | -       | -                      | -       | -                                  | -                     | -       | -                      | -       |
| <b>Workers</b>       |                                   |                       |         |                        |         |                                    |                       |         |                        |         |
| Permanent            | -                                 | -                     | -       | -                      | -       | -                                  | -                     | -       | -                      | -       |
| <b>Male</b>          | -                                 | -                     | -       | -                      | -       | -                                  | -                     | -       | -                      | -       |
| <b>Female</b>        | -                                 | -                     | -       | -                      | -       | -                                  | -                     | -       | -                      | -       |
| Other than Permanent | 2036                              | 2036                  | 100     | -                      | -       | 2251                               | 2251                  | 100     | -                      | -       |
| <b>Male</b>          | 1987                              | 1987                  | 100     | -                      | -       | 2207                               | 2207                  | 100     | -                      | -       |
| <b>Female</b>        | 49                                | 49                    | 100     | -                      | -       | 44                                 | 44                    | 100     | -                      | -       |

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      | 51.81                                                                    | 0      | NIL                                                                      |
| Key Managerial Personnel         | 2      | 25.65                                                                    | 0      | -                                                                        |
| Employees other than BoD and KMP | 258    | 17.05                                                                    | 27     | 13.71                                                                    |
| Workers                          | 172    | 9.62                                                                     | 8      | 6.13                                                                     |

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 2022-23 Current Financial Year |                                       |         | FY 2021-22 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:

|                                    | % of value chain partners (by value of business done with such partners) that were assessed                                                                                                             |
|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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:

| Parameter                                           | FY 2022-23<br>(Current Financial Year) | FY 2021-22<br>(Previous Financial Year) |
|-----------------------------------------------------|----------------------------------------|-----------------------------------------|
| Total electricity consumption (A) Gcal/MT           | 0.6064                                 | 0.6190                                  |
| Total fuel consumption (B) Gcal/MT                  | 2.1275                                 | 2.0807                                  |
| Energy consumption through other sources (C)Gcal/MT | 4.8504                                 | 4.6714                                  |
| Total energy consumption (A+B+C) Gcal/MT            | 7.5843                                 | 7.3711                                  |

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 2022-23<br>(Current Financial Year) | FY 2021-22<br>(Previous Financial Year) |
|-------------------------------------------------------------------------|----------------------------------------|-----------------------------------------|
| Water withdrawal by source (in Kilolitres)                              |                                        |                                         |
| Surface water                                                           | Nil                                    | Nil                                     |
| Ground water                                                            | Nil                                    | Nil                                     |
| Third party water                                                       | Nil                                    | Nil                                     |
| Sea water / desalinated water                                           | 316370                                 | 310415                                  |
| Others (Sewage+TTRO)                                                    | 4481906                                | 4396779                                 |
| Total Volume of water withdrawal (in Kilolitres) (i + ii + iii+ iv + v) | 4798276                                | 4707194                                 |

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.

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 2022-23<br>(Current Financial Year) | FY 2021-22<br>(Previous Financial Year) |
|-------------------------|----------------------|----------------------------------------|-----------------------------------------|
| NOx                     | Mg / nm <sup>3</sup> | 1.4                                    | 42                                      |
| Sox                     | Mg / nm <sup>3</sup> | 8.7                                    | 501                                     |
| Particulate Matter (PM) | Mg / nm <sup>3</sup> | 96                                     | 48                                      |

**#110ATA Boiler**

| Parameter               | Please specify unit  | FY 2022-23*<br>(Current Financial Year) | FY 2021-22<br>(Previous Financial Year) |
|-------------------------|----------------------|-----------------------------------------|-----------------------------------------|
| NOx                     | Mg / nm <sup>3</sup> | 154                                     | 38                                      |
| Sox                     | Mg / nm <sup>3</sup> | 3.0                                     | BDL                                     |
| Particulate Matter (PM) | Mg / nm <sup>3</sup> | 27.54                                   | 39                                      |



#PC-Boiler

| Parameter               | Please specify unit  | FY 2022-23*<br>(Current Financial Year) | FY 2021-22<br>(Previous Financial Year) |
|-------------------------|----------------------|-----------------------------------------|-----------------------------------------|
| NOx                     | Mg / nm <sup>3</sup> | 154                                     | 64                                      |
| Sox                     | Mg / nm <sup>3</sup> | 3.0                                     | BDL                                     |
| Particulate Matter (PM) | Mg / nm <sup>3</sup> | 27.54                                   | 33                                      |

\*Note – Sample collected from 110 ATA/PC Boiler common stack

#Urea Prill Tower Demister

| Parameter                          | Please specify unit | FY 2022-23 | FY 2021-22 |
|------------------------------------|---------------------|------------|------------|
| NOx                                | mg/Nm <sup>3</sup>  | NA         | NA         |
| SOx                                | mg/Nm <sup>3</sup>  | NA         | NA         |
| Particulate matter (PM)            | mg/Nm <sup>3</sup>  | 38.1       | 5          |
| Persistent organic pollutants(POP) |                     | NA         | NA         |
| Volatile organic compounds(VOC)    |                     | NA         | NA         |
| Hazardous air pollutants(HAP)      |                     | NA         | NA         |
| Others – NH3                       |                     | 7.2        | 70         |

#NPK-C Train

| Parameter                          | Please specify unit | FY 2022-23 | FY 2021-22 |
|------------------------------------|---------------------|------------|------------|
| NOx                                | mg/Nm <sup>3</sup>  | NA         | NA         |
| SOx                                | mg/Nm <sup>3</sup>  | NA         | NA         |
| Particulate matter (PM)            | mg/Nm <sup>3</sup>  | 31.2       | 9          |
| Persistent organic pollutants(POP) |                     | NA         | NA         |
| Volatile organic compounds(VOC)    |                     | NA         | NA         |
| Hazardous air pollutants(HAP)      |                     | NA         | NA         |
| Others – NH3                       | mg/Nm <sup>3</sup>  |            | 19         |
| Others – F                         | mg/Nm <sup>3</sup>  | 0.37       | 0.18       |

# All these analysis were carried out by MoEFCC authorized lab

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

| Parameter                                                                                                                                                             | Unit                                        | FY 2022-23<br>(Current Financial Year)                | FY 2021-22<br>(Previous Financial Year)               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|
| Total Scope 1 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available) | Metric tonnes of CO <sub>2</sub> equivalent | 110 ATA, PCB, Utility boiler & Reformer 3.23 Lakhs MT | 110 ATA, PCB, Utility boiler & Reformer 3.26 Lakhs MT |
| Total Scope 2 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available) | Metric tonnes of CO <sub>2</sub> equivalent | -                                                     | -                                                     |



## 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 2022-23<br>(Current Financial Year) | FY 2021-22<br>(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. (G)                                                                                                              |                                        |                                         |
| i. Spent Catalyst                                                                                                                       | 3.42MT                                 | 3.42MT                                  |
| ii. Used Oil                                                                                                                            | Nil                                    | 13.08 MT                                |
| iii. Residue containing Oil                                                                                                             | 13.08 MT                               | Nil                                     |
| iv. Chemical Drum                                                                                                                       | 1500 Nos.                              | 1000 Nos.                               |
| Other Non-hazardous waste generated (H).                                                                                                | Nil                                    | Nil                                     |
| Total ( A+B+C+D+E+F+G+H)                                                                                                                | 16.5 MT                                | 16.5 MT                                 |
| For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes) |                                        |                                         |
| Category of waste                                                                                                                       |                                        |                                         |
| Recycled                                                                                                                                | Nil                                    | Nil                                     |
| Re-used                                                                                                                                 | Nil                                    | Nil                                     |
| Other recovery operations                                                                                                               | Nil                                    | Nil                                     |
| 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                                     |
| (ii) Landfilling                                                                                                                        | Nil                                    | Nil                                     |
| (iii) Other disposal operations                                                                                                         | Nil                                    | Nil                                     |
| Total                                                                                                                                   | 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. |
|-------|----------------------------------|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Yes   |                                  |                    |                                                                                                                                                             |

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     | NIL                                                                   |                                       |                                                                                                           |
| 2     | NIL                                                                   |                                       |                                                                                                           |

**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:

| Parameter                                                | FY 2022-23 (Current Financial Year)                                               | FY 2021-22 (Previous Financial Year)                                              |
|----------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| From renewable sources                                   |                                                                                   |                                                                                   |
| 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                                                                               |
| From non-renewable sources                               |                                                                                   |                                                                                   |
| Total electricity consumption (D)                        | 110219296 KWH / Year 0.6064 GCal/MT                                               | 109065276 KWH / Year 0.6190 GCal/MT                                               |
| Total fuel consumption (E) (FO+RLNG)                     | 31688 MT / Year +93.887MMSCM/Year (0.5825 Gcal/MT+1.5449 Gcal/MT= 2.1275 Gcal/MT) | 31668 MT / Year+86.408 MMSCM/ Year (0.6045 GCal/MT+1.4762 GCal/MT=2.0807 GCal/MT) |
| Energy consumption through other sources (F) -RLNG       | 294.765 MMSCM / Year 4.8504 GCal/MT                                               | 273.434 MMSCM / Year 4.6714 GCal/MT                                               |
| Total energy consumed from non-renewable sources (D+E+F) | 7.5843 Gcal/MT                                                                    | 7.3711 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 2022-23 (Current Financial Year) | FY 2021-22 (Previous Financial Year) |
|-----------------------------------------------------------------------|-------------------------------------|--------------------------------------|
| Water discharge by destination and level of treatment (in kilolitres) |                                     |                                      |
| (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                                  |
| (iii) To Sea water                                                    | Nil                                 | Nil                                  |
| No treatment                                                          | Nil                                 | Nil                                  |
| With treatment – please specify level of treatment                    |                                     |                                      |
| (iv) Sent to third-parties                                            | 387960 KL                           | 286710 KL                            |
| No treatment                                                          | 387960 KL                           | 286710 KL                            |
| 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)                                | 387960                              | 286710                               |



## MADRAS FERTILIZERS LIMITED

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 2022-23<br>(Current Financial Year) | FY 2021-22<br>(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                                                    | 316370                                 | 310415                                  |
| (v) Others (Sewage+TTRO)                                                              |                                        |                                         |
| Total volume of water withdrawal (in kilolitres)                                      | 4481906                                | 4396779                                 |
| Total volume of water consumption (in kilolitres)                                     | 4798276                                | 4707194                                 |
| <b>Water intensity (optional) – the relevant metric may be selected by the entity</b> | -                                      | -                                       |
| Water discharge by destination and level of treatment (in kilolitres)                 |                                        |                                         |
| (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                                    |                                        |                                         |
| (iii) Into Sea water                                                                  | Nil                                    | Nil                                     |
| No treatment                                                                          | Nil                                    | Nil                                     |
| With treatment – please specify level of treatment                                    |                                        |                                         |
| (iv) Sent to third-parties                                                            | 387960 KL                              | 286710 KL                               |
| No treatment                                                                          | 387960 KL                              | 286710 KL                               |
| 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)                                                | 387960 KL                              | 286710 KL                               |

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 2022-23<br>(Current Financial Year) | FY 2021-22<br>(Previous Financial Year) |
|-----------------------------------------------------------------------------------------------------------------|---------------------------------|----------------------------------------|-----------------------------------------|
| <b>Total Scope 3 emissions<br/>(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                                                          |

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    |                                          |       |          |                                         |                          |                                         |

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:

|                                                                      | FY 2022-23<br>Current Financial Year | FY 2021-22<br>Previous Financial Year |
|----------------------------------------------------------------------|--------------------------------------|---------------------------------------|
| 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. 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



## MADRAS FERTILIZERS LIMITED

3. 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    |                                                      |                             |                           |                                    |

4. 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                |                   |                         |

### 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 2022-23<br>(Current Financial Year) |                                   | Remarks | FY 2021-22<br>(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 | Nil    |                    |
| 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.

6. 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 Agro Service 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.

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



## MADRAS FERTILIZERS LIMITED

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### 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 2022-23.

Chennai  
Aug 08, 2023

Sd/-  
**Kishor Rungta**  
Chairman & Managing Director  
(Additional Charge)  
DIN : 002231106



**Form No. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31/03/2023**

*[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 31/03/2023 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 31/03/2023 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.

*Regarding Few Charges appearing on the Index of Charges which the company is unable find the source to approach ROC for removal of the charge ids.*

Moreover there were fines imposed for the following Non Compliances made by the Company during this year also and this needs to be address by the *Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India.*

- *As per Notice issued by NSE regarding Non-Compliance with SEBI (LODR) Regulations, 2015 (Listing Regulations)" and/or Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018 (Depository Regulation)" dated 21st February 2023 and levied a total Penalty of Rs. 630120/-.*
- *As per Notice issued by NSE on Non-Compliance with Regulation 6 SEBI (LODR) Regulations, 2015 (Listing Regulations)" and/or Regulation 6 of SEBI (Depositories and Participants) Regulations, 2018 (Depository Regulation)" dated 22nd November 2022, levied a fine of Rs. 20060/-.*



## MADRAS FERTILIZERS LIMITED

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- As per Notice issued by NSE on Non-Compliance with SEBI (LODR) Regulations, 2015 (Listing Regulations”) and/ or Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018 (Depository Regulation”) dated 22nd August 2022 levied a fine of Rs. 1084420/-
- As per Notice issued by NSE on Non-Compliance with SEBI (LODR) Regulations, 2015 (Listing Regulations”) and/ or Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018 (Depository Regulation”) dated 20th May 2022 levied a fine of Rs. 1026600/-

### **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, Ministry of Chemicals & 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: A030353E000689462

Place : Chennai  
Date : 27/07/2023



## 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: A030353E000689462

Place : Chennai  
Date : 27/07/2023

**MADRAS FERTILIZERS LIMITED****ANNEXURE – VII****MADRAS FERTILIZERS LIMITED  
MANALI, CHENNAI 600 068  
FORM NO. AOC – 2**

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

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

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

| <b>S.No.</b> | <b>Particulars</b>                                                                                                | <b>Details</b> |
|--------------|-------------------------------------------------------------------------------------------------------------------|----------------|
| 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**

| <b>S.No.</b> | <b>Particulars</b>                                             | <b>Details</b>                                |
|--------------|----------------------------------------------------------------|-----------------------------------------------|
| 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                                | ₹ 1856 Cr.                                    |

Chennai  
Aug 08, 2023

Sd/-  
**Kishor Rungta**  
Chairman & Managing Director  
(Additional Charge)  
DIN : 00231106



## MADRAS FERTILIZERS LIMITED

### ANNEXURE – VIII

#### 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 as on 31.3.2023 :

The CSR Committee consists of the following members :

| Sl No | Name                      | Designation |
|-------|---------------------------|-------------|
| 1.    | Dr.C R Jayanthi           | Chairperson |
| 2.    | Shri Arvind Kumar         | 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 : ` 14.77 Crs  
last three financial years

7. (a) Two percent of average net profit of the Company as per Section 135(5) of the Act: ` 29.54 lacs

(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: ` 65.78 lacs

(d) Total CSR obligation for the financial year (a+b-c): NA since excess CSR contributed in previous years.

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

| Total Amount spent for the financial year in ₹ | Amount unspent in ₹                                                    |                  |                                                                                                      |        |                  |
|------------------------------------------------|------------------------------------------------------------------------|------------------|------------------------------------------------------------------------------------------------------|--------|------------------|
|                                                | 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 |
| 10 Lacs                                        | NA                                                                     | NA               | NA                                                                                                   | NA     | NA               |



## MADRAS FERTILIZERS LIMITED

(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 project |          | 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      | Financial assistance for arranging Toilets for Public usage in the Police Station at Manali, Chennai | 1                                                           | Yes                   | Tamil Nadu              | Chennai   | NA                          | 0.25 lacs                    | Y                                          | NA                                                   | NA                      |
| 2.     | Scientific Museum, Bangaluru                                                                         | 1                                                           | No                    | Karnataka               | Bangaluru | NA                          | 8.75 lacs                    | Y                                          | NA                                                   | NA                      |
| 3      | Armed Forces Flag Day Fund, New Delhi                                                                | 1                                                           | No                    | New Delhi               | New Delhi | NA                          | 1 lac                        | 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): Rs. 10 lacs

(g) Excess amount for set off, if any

| Sl No. | Particulars                                                                                               | Amount ₹   |
|--------|-----------------------------------------------------------------------------------------------------------|------------|
| (i)    | 2% of average net profit of the Company as per Section 135(5)                                             | 29.54 lacs |
| (ii)   | Total amount spent for the financial year                                                                 | 10 lacs    |
| (iii)  | Excess amount spent for the financial year [(ii)-(i)]                                                     | NA         |
| (iv)   | Excess amount spent in previous years available for Set off                                               | 65.78 lacs |
| (iv)   | Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any | NA         |



## MADRAS FERTILIZERS LIMITED

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

| Sl 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):

| Sl 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     |            |                     |                                                   |                  |                                        |                                                             |                                                                |                                             |

9. 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

10. 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 2022-23 : As below

Total amount spent for the financial year : ₹ 10.00 lacs

Chennai  
Aug 08, 2023

Sd/-  
**Kishor Rungta**  
Chairman & Managing Director  
(Additional Charge)  
DIN : 00231106



## 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 31.03.2023 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  
Aug 08, 2023

Sd/-  
**Kishor Rungta**  
Chairman & Managing Director  
(Additional Charge)  
DIN : 00231106

Sd/-  
**Priya Ranjan Panda**  
General Manager(F&A)  
(Additional Charge)



**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, 2023 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.

| Sr. 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       | MOHAMMAD BAGHER DAKHILI          | 07704367 | 18/02/2017                     |
| 5       | BABAK BAGHERPOUR                 | 08341090 | 23/10/2018                     |
| 6       | SAMIEH KOKABI                    | 09066692 | 10/02/2021                     |
| 7       | JAYANTHI RAGUNATHAN CHAKRAVARTHI | 09450350 | 28/12/2021                     |
| 8       | ARVIND KUMAR                     | 10117759 | 10/02/2023                     |
| 9       | HARSH MALHOTRA                   | 08520873 | 22/07/2019                     |

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 : A030353E000689264

Place : Chennai

Date : 28/07/2023



## MADRAS FERTILIZERS LIMITED

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### COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MADRAS FERTILIZERS LTD FOR THE YEAR ENDED 31 MARCH 2023

The preparation of financial statements of Madras Fertilizers Limited for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 17 May 2023.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Madras Fertilizers Limited for the year ended 31 March 2023 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and Company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under Section 143(6)(b) of the Act.

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

Place : New Delhi  
Date : 31.08.2023

**Sd/-  
(Sanjay K. Jah)  
Director General of Audit  
(Agriculture, Food & Water Resources)**



REPLIES TO THE COMMENTS OF THE STATUTORY AUDITORS IN THEIR INDEPENDENT AUDITORS REPORT ON THE FINANCIAL STATEMENT OF MADRAS FERTILIZERS LIMITED FOR THE YEAR ENDED 31ST MARCH 2023

| Ref. No.                                                                                                                                       | Comment/Remarks of the Statutory Auditor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Management Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Quailed 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 claim and reconciliation were not operating effectively and needs to be strengthened to precisely arrive at the eligible amount of GST ITC to be carried forward and set-off against output liability in the future years. As explained to us, the management is taking steps in undertaking the reconciliation and has appointed consultants for such purpose. The outcome of the verification / reconciliation by the consultants might result in reversal of GST ITC / levy of additional interest for the incorrect utilization of GST ITC, if any;. | In books the GST ITC balance available is ₹ 165.35 Cr. and in Electronic ledger the ITC balance is ₹ 107.53 Cr., The GST consultant not able to complete the ITC reconciliation between Books and E-ledger due to enormous volume of transaction. Pending final reconciliation, the Company has made a provision of ₹ 48.33 Cr. towards ITC receivable.<br><br>In the meantime, the company has in the process of appointing a Chartered Accountant Firm as exclusive consultant to reconcile the ITC available in Company’s Books and e-Credit Ledger of GST Portal.                                                                                |
| b.                                                                                                                                             | The company’s internal control system for inventory: In our opinion the physical verification conducted by the management is not adequate with regards to coverage, procedures used and frequency of the verification. As explained to us, the management is in the process of appointing a technical committee to strengthen the efficacy and periodicity of inventory verification with a view to ensure the identification of non-moving / slow-moving item on a timely basis and to provide for the loss, if any, that might arise on the completion of the verification and the report the technical committee.; and   | The company is in the process of integration of inventory management function with financial accounts through a new SAP -ERP system for better control. For which the SAP license is purchased and the SAP ERP implementation partner also selected.<br><br>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 item over the period of one year.<br><br>Further, Company is in the process of appointing a technical committee to identify the non-moving / slow-moving items. Based on the committee report, necessary action will take. |
| c.                                                                                                                                             | Internal audit not commensurate with the size and nature of business - As explained to us, the Company has an internal audit department only. The scope and coverage of the internal audit department is not commensurate with the size and nature of business of the Company. The inadequate scope and coverage of internal audit has resulted in material weakness in the internal financial control aspects;                                                                                                                                                                                                             | The Company has appointed a Chartered Accountant Firm as Internal Auditor in May 2023. The scope of the work includes audit of transaction of FY 2022-23.<br><br>The Auditor will submit the Audit report for the FY 2022-23 before end of the 2nd quarter of current year.                                                                                                                                                                                                                                                                                                                                                                          |



## MADRAS FERTILIZERS LIMITED

| Ref. No.                                                                                                         | Comment/Remarks of the Statutory Auditor                                                                                                                                                                                                                                                                                                                | Management Comment                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Adverse remarks in few areas of matter reporting under "Other Legal and Regulatory Requirement" Paragraph</b> |                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                       |
| 3.                                                                                                               | <b>Non – Compliance of Composition of Board-SEBI Listing Obligation and Disclosure Requirement (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. (Refer Note No. 30.31 to the Standalone Financial Statement) | Being a Central Public Sector Undertaking, the power of appointment of Directors is vested with Government of India. The Management has no role in appointment of Directors.<br><br>Further, the management informed to Department of Fertilizers (DoF) regarding the vacancies and early compliance. |

For **Chandran and Raman**  
Chartered Accountants  
Firm Registration No.: 000571S

Sd/-  
**S Pattabiraman**  
Partner  
Membership No. 014309

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

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

Chennai  
Date : 17.05.2023



## 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, 2023, 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, 2023, the Profit including other comprehensive income, changes in equity and its cashflows for the year ended on that date.

### 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:

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

Attention is drawn to the Note No.30.10 to the Standalone Financial Statements. As explained in the said note, the management is of the opinion that sum of Rs.117.02 cr (being the amount net of provision of Rs.48.33 cr) being the GST ITC included under the other current assets is eligible for set-off in full against the output GST liability arising out of sale of products in the future years. Reconciliation of ITC as per books and as per GST records is under progress and effect for any difference will be given on completion of the reconciliation.

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

Attention is drawn to the Note No.30.1.n to the Standalone Financial Statements, wherein the company has made a request to Government of India for the waiver of the interest and penal interest payable on the GOI loans as part of the revival package. Pending the disposal of the revival package, the Company has considered the penal interest at 2.75%, amounting to Rs.311.40 crores upto the financial year ending 31.03.2023 as Contingent Liability only.

#### c. Attention is drawn to the Significant Accounting Policy on Depreciation on Property, Plant and Equipment

With the feedstock conversion from Naphtha to RLNG, a technical assessment of the useful life of plant and machinery was made and the useful life of Plant and Equipment was extended for a further period of 15 years (except for NPK Plant which has an extended life of 10 years) from 01.04.2021 and depreciation is provided on the extended useful life of the plant and equipment. The depreciation on plant and equipment as per the technical estimate amounted to Rs.7.63 crores for FY 2022-23.

#### d. Attention is drawn to our remark under the Qualified opinion on Internal Financials Controls over Financial Reporting (Annexure C to our report) regarding inadequate controls on the following:

- GST ITC eligible claim and reconciliation
- Coverage, procedures and frequency of physical verification of inventories
- Scope and coverage of internal audit

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, 2023. 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.

| S.No | Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | How our Audit procedures addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | <p><b>Recognition / de-recognition and measurement of Subsidy income and recoverability of subsidy receivables</b></p> <p><i>(Refer to Note No.1.G and 18 to the standalone financial statements)</i></p> <p>Subsidy income pertaining to 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 Pricing Scheme (NPS) and Nutrient Based Subsidy ('NBS') policy on the quantity of fertilisers sold by the Company.</p> <p>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.</p> <p>During the current year ended March 31, 2023, the company has recognised subsidy income of Rs.3,139.30 Crores which constitute significant portion of its revenue from operations. The recognition and realisation of subsidy income depends on the rates and the period for which approval is issued by the GOI.</p> <p>Government Subsidy Receivables forms a significant part of the Company's current assets, amounting to Rs.492.80 Crores as at March 31, 2023</p> | <p>Our principal audit procedures adopted in relation to recognition of subsidy income in the accounts for the Financial Year 2022-23 were as under:</p> <ul style="list-style-type: none"><li>• We have 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 for the recognition of Subsidy income;</li><li>• We examined the statement showing the sales quantity considered for subsidy income to ensure the quantity were correlated with the actual sales made by the Company. We also verified the quantities sold as reflected in the records of the company were in agreement with the quantities reflected in customer acknowledgements as appeared in the iFMS portal of the Department of Fertilisers on a selective sampling basis keeping in view with the concept of materiality and tested the DBT claims (subsidy claim) made by the Company;</li><li>• 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;</li><li>• We assessed the disclosures in the standalone financial statements in this regard;</li><li>• Review of subsidy receivable from Department of Fertilizer (i.e. Sovereign Authority) is supported by the approved claims generated from iFMS (Integrated Fertilizer Management System);</li></ul> |



## MADRAS FERTILIZERS LIMITED

|  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <ul style="list-style-type: none"><li>• Subsidy income remaining 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;</li></ul> <p>Based on the above procedures performed, we ensured that the recognition of Subsidy Income and recoverability of subsidy receivable 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.</p> |
|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### 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 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.

The 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 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. The company has eleven (11) Marketing Offices (ie., named as regional offices (RO's) across India, wherein



all the sales related matters are being undertaken. As part of our audit, we have visited and reviewed the operations of one (1) of the RO's and the operations of the RO are satisfactory in nature.

2. 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 date.

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. (Refer Note No. 30.31 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:
- i. The company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note No.30.1 to the standalone financial statements;



## MADRAS FERTILIZERS LIMITED

- 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 except 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 its 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 misstatement.
- v. The company has not declared and/or paid any dividend during the year in accordance with Sec.123 of the Companies Act, 2013;
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

**For Chandran and Raman  
Chartered Accountants  
Firm Registration No: 000571S**

Sd/-  
**(S Pattabiraman)  
Partner**

**Membership No: 014309  
UDIN:23014309BGWQJY5738**

Place: Chennai  
Date: 17.05.2023



## 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. However, the transactions relating to marketing activities captured in the IT system of regional offices are reported to HO periodically. The said transactions are reconciled with the corporate accounting module (ie., OLIS), on monthly basis at Head-office. No instances of lack of integrity of the accounts along with the financial implications have been noted during the course of our examination of records.

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).**

According to the information & explanations given to us, there are no instances of restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the Company. The Company has applied to the Government of India for restructuring of its

loans availed from Government. The matter relating to restructuring is under progress.

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.

According to the information and explanations given to us and based on our examination of books of accounts of the company, the company has not received any funds for specific schemes from Central/State Government or its agencies.

### PART-II- SUB-DIRECTIONS

1. Impact of revision of subsidies for fertilizer in valuation of closing stock may be stated.

During FY 22-23, the company has received a notification from Fertilizer Industry Coordination Committee (FICC) wherein the provisional rate for Urea Subsidy was revised downwards from Rs.70,841/MT to Rs.62,665/MT. The said revision has been duly factored in the determination of Net Realisable Value (NRV) for the valuation of Inventory of Finished Goods which is being valued at the NRV or Cost whichever is lower in accordance with the accounting policy of the company.

### PART-III- SUB-DIRECTIONS

1. SBI sanctioned cash credit limit and letter of credit of the company with first charge on the current assets of the company as primary security and collateral security of first charge on the plant and machinery of the company (excluding the movable fixed assets of the company charged to Indian Oil Corporation Limited to an extent of Rs.50 crore) and equitable mortgage of 329.40 acres of land at Manali and the nature of the above security has to be disclosed in the Notes to the accounts.

The same has been duly complied with.

2. The disclosure regarding pending refund of TDS from IT department has to be made in the notes to the accounts.

The same has been duly complied with in note. 30.1F of the financial statements.



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3. **The GST ITC amount of Rs.46.56 Crore written off from receivables has to be written back to provision.**

The same has been duly complied with in note 10 and note 30.10 of the financial statements.

4. **Compliance with para 32 of Ind AS 1 (not offsetting assets and liabilities or income and expenses, unless required or permitted by an Ind AS) in respect of receivables from employees.**

Our examination of books of accounts did not reveal any such offsetting/adjustments.

5. **Requirement of accounting policy on "Plant and Machinery which are not in use for want of refurbishing or regrouped under CWIP at their carrying cost till put to use" has to be reviewed.**

The accounting policy has been reviewed and revised accordingly. The reference is invited to significant accounting policy for Property, Plant and Equipment.

6. **The mismatch on the Notes to the accounts on recognizing the subsidy income has to be rectified.**

The subsidy income recognized has been duly accounted under 'Revenue from Operations'.

For Chandran and Raman  
Chartered Accountants  
Firm Registration No: 000571S

Sd/-  
(S Pattabiraman)  
Partner

Place: Chennai  
Date: 17.05.2023

Membership No: 014309  
UDIN:23014309BGWQJY5738



## 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 with respect to

A. Property, Plant and Equipment including quantitative details and situation thereon and relevant details of right-of-use assets;

B. The company does not have any intangible assets and hence reporting under this clause is not applicable;

b. According to the information and explanation given to us, physical verification of Property, Plant and Equipment, has been conducted by the company once during the financial year and there were no material discrepancies noticed on such physical verification undertaken. In our opinion, the frequency of the verification is reasonable, having regard to the size and the magnitude of the organization.

c. The company has clear title deeds of Lands held in its name.

d. During the year, the company has not revalued its Property, Plant and Equipment (Incl. Right of Use assets). Accordingly reporting under this clause does not arise.

e. According to the information and explanation given to us, there are no proceedings have been 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,

ii. In respect of the Inventories:

a. Physical verification of inventories inside factory premises (excepting stores and spares) and

at Chennai Port has been carried out by an independent surveyor at year end.

The stock of finished goods lying at warehouses is considered as per certification given by the management and same were duly confirmed through the IFMS portal maintained by Dept. of Fertilizers.

As explained to us, physical verification of stores and spares was carried out by the management as at the year-end only and there were no material discrepancies of 10% or more in the aggregate for each class of inventory.

In our opinion the physical verification conducted by the management is not consistent with the requirements of this clause with regard to reasonable intervals and the coverage and procedure of such verification.

b. The Company has been sanctioned a working capital limit (i.e., both fund and non-fund based facilities) in excess of five crore rupees, in aggregate from banks on the basis of the security of inventories and book debts including GOI subsidy receivable.

On the basis of examination of relevant records, the quarterly returns or statements filed by the company with bank are not in agreement with books of the accounts and the particulars of difference is furnished in note no 30.32(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.

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 and advances, as applicable.



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v. The company has not accepted any deposits coming within the purview of definition of deposits as per the provisions of the Companies Act, 2013 and accordingly reporting on the requirements under this clause is 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, Goods and Services Tax, Cess and any other statutory dues applicable to it with the appropriate authorities;

There were no outstanding of aforesaid statutory dues as on March 31,2023 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 (Pre GST)          | 2.55                  |
| Service Tax (pre GST)        | 0.29                  |
| Total                        | 5.77                  |

A sum of Rs 1.53 Crores, being the dues by the contractors towards Provident Fund and Employee State Insurance has been withheld by the company pending the receipt of communication from the concerned authorities for the remittance.

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) |
| Department's Appeal                 |                                                                            |                    |           |                                    |                                      |
| 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         |

(\*) 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.



## MADRAS FERTILIZERS LIMITED

- viii. We have not come across any transactions that are not recorded in the books of account which 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 any financial institutions, banks, or dues to debenture holders excepting default of repayment of the following Government of India (GOI) Loans:\*

| Nature of borrowing | Amount of Default<br>(Rs.in Crores) | Whether principal or<br>interest | Period of Default                   |
|---------------------|-------------------------------------|----------------------------------|-------------------------------------|
| Plan Loans          | 402.28                              | Principal                        | From FY 2004-05<br>to till the date |
| Non-Plan Loans      | 20.77                               |                                  |                                     |
| Revamp Loans        | 122.30                              |                                  |                                     |
| Total (A)           | 545.35                              |                                  |                                     |
| Plan Loans          | 612.83                              | Interest                         | From FY 2003-04<br>to till the date |
| Non-Plan Loans      | 40.07                               |                                  |                                     |
| Revamp Loans        | 168.08                              |                                  |                                     |
| Total (B)           | 820.98                              |                                  |                                     |
| Grand Total (A+B)   | 1,366.33                            |                                  |                                     |

- 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 proceeds of term loan availed from the bank for the purpose 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. 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,
- a. No fraud by the company or on the company has been noticed or reported during the year.
- b. 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.
- c. 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.



## MADRAS FERTILIZERS LIMITED

- 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.
- b. The reports of the Internal Auditors were not furnished to us and hence the same could not be considered for statutory audit.
- 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.449.20 Cr (PY.Rs.667.53 Cr) with a negative net worth of Rs.287.07 Cr (PY.Rs. 505.40 Cr). The current liabilities (which includes Loan from Government of India of Rs 554.24 Crores and interest of Rs 820.98 Crores due on the said loan) exceed its current assets by Rs.739.95 Cr (PY.Rs. 905.66 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 stated 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.

- xx. A. On the verification of books of accounts and other relevant records, it was observed that there were no unspent amount which is required to be transferred to a Fund specified in Schedule VII to the Companies Act, 2013 within a period of six months of the expiry of the financial year.
- b. 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. There are no financial results of any other company which have been consolidated with the standalone financial statements of the company and accordingly, requirements as to the reporting under this clause (xxi) does not arise.

**For Chandran and Raman  
Chartered Accountants  
Firm Registration No: 000571S**

Sd/-  
**(S Pattabiraman)  
Partner**

Place: Chennai  
Date: 17.05.2023

**Membership No: 014309  
UDIN:23014309BGWQJY5738**



## 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, 2023, 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
- 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, 2023:

- a. The company's internal financial control over GST Input Tax Credit claim and reconciliation were not operating effectively and needs to be strengthened to precisely arrive at the eligible amount of GST ITC to be carried forward and set-off against output liability in the future years. As explained to us, the management is taking steps in undertaking the reconciliation and has appointed consultants for such purpose. The outcome of the verification / reconciliation by the consultants might result in reversal of GST ITC / levy of additional interest for the incorrect utilisation of GST ITC, if any;
- b. The Company's internal control system for inventory- In our opinion the physical verification conducted by the management is not adequate with regard to coverage, procedures used and frequency of the verification. As explained to us, the management is in the process of appointing a technical committee to strengthen the efficacy and periodicity of inventory verification with a view to ensure the identification of non-moving / slow-moving items on a timely basis and to provide for the loss, if any, that might arise on the completion of the verification and the report of the technical committee.; and
- c. Internal audit not commensurate with the size and nature of business – As explained to us, the Company has an internal audit department only. The scope and coverage

of the internal audit department is not commensurate with the size and nature of business of the Company. The inadequate scope and coverage of internal audit has resulted in material weakness in the internal financial control aspects.;

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, 2023, 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, 2023 standalone financial statements of the Company, and these material weaknesses does not affect our opinion on the standalone financial statements of the Company and we have issued an unqualified opinion on the standalone financial statements.

**For Chandran and Raman  
Chartered Accountants  
Firm Registration No: 000571S**

**Sd/  
(S Pattabiraman)**

**Partner**

**Membership No: 014309  
UDIN:2301309BGWQJY5738**

Place: Chennai  
Date: 17.05.2023

**BALANCE SHEET**  
**as at March 31, 2023**

₹ in Crores

| Particulars                              | Note No. | As at March 31st |                |
|------------------------------------------|----------|------------------|----------------|
|                                          |          | 2023             | 2022           |
| <b>ASSETS</b>                            |          |                  |                |
| <b>Non-Current Assets</b>                |          |                  |                |
| Property, Plant and Equipment            | 2        | 190.36           | 188.64         |
| Right of use assets                      | 2.1      | 0.07             | 0.38           |
| Capital Work-in-progress                 | 2.2      | 13.40            | 13.76          |
| Investment Property                      | 3        | 1.33             | 1.34           |
| <b>Financial Assets</b>                  |          |                  |                |
| i) Investments                           | 4        | 336.99           | 250.50         |
| ii) Loans                                | 4.1.a    | 17.90            | 14.47          |
| iii) Other Financial Assets              | 4.2.a    | 1.30             | 3.22           |
| Deferred Tax Assets (net)                | 5.1.a    | -                | -              |
| Other Non-Current Assets                 | 6        | 16.74            | 17.70          |
| <b>Total Non-Current Assets</b>          |          | <b>578.09</b>    | <b>490.01</b>  |
| <b>Current Assets</b>                    |          |                  |                |
| Inventories                              | 7        | 231.96           | 283.74         |
| <b>Financial Assets</b>                  |          |                  |                |
| i) Trade Receivables                     | 8        | 503.61           | 983.64         |
| ii) Cash and Cash Equivalents            | 9        | 369.13           | 0.00           |
| iii) Bank Balances other than (ii) above | 9.a      | 30.02            | 31.81          |
| iv) Loans                                | 4.1.b    | 0.47             | 0.29           |
| v) Other Financial Assets                | 4.2.b    | 6.62             | 24.78          |
| Current Tax Assets (net)                 | 5.1.b    | 5.54             | 0.73           |
| Other Current Assets                     | 10       | 131.32           | 95.90          |
| <b>Total Current Assets</b>              |          | <b>1278.67</b>   | <b>1420.89</b> |
| <b>Assets held for Sale</b>              |          | <b>0.00</b>      | <b>0.00</b>    |
| <b>TOTAL ASSETS</b>                      |          | <b>1856.76</b>   | <b>1910.90</b> |



## BALANCE SHEET

### as at March 31, 2023

₹ in Crores

| Particulars                          | Note No. | As at March 31st |                 |
|--------------------------------------|----------|------------------|-----------------|
|                                      |          | 2023             | 2022            |
| <b>EQUITY AND LIABILITIES</b>        |          |                  |                 |
| Equity                               | 11       | 162.14           | 162.14          |
| Other Equity                         | 12       | (449.21)         | (667.54)        |
| <b>Total Equity</b>                  |          | <b>(287.07)</b>  | <b>(505.40)</b> |
| <b>Liabilities</b>                   |          |                  |                 |
| <b>Non-Current Liabilities</b>       |          |                  |                 |
| <b>Financial Liabilities</b>         |          |                  |                 |
| i) Borrowings                        | 13.1.a   | 0.00             | 8.90            |
| ii) Lease Liabilities                | 13.2.a   | 0.00             | 0.07            |
| Employee Benefit Obligation          | 14.1.a   | 43.16            | 54.97           |
| Deferred Tax Liability (net)         | 5.1.a    | 81.53            | 25.17           |
| Other non-current liabilities        | 15       | 0.52             | 0.64            |
| <b>Total Non-current Liabilities</b> |          | <b>125.21</b>    | <b>89.75</b>    |
| <b>Current Liabilities</b>           |          |                  |                 |
| <b>Financial Liabilities</b>         |          |                  |                 |
| i) Borrowings                        | 13.1.b   | 1494.07          | 1726.00         |
| ii) Trade Payables                   | 16       | 299.16           | 308.74          |
| iii) Lease Liabilities               | 13.2.b   | 0.02             | 1.06            |
| iv) Other Financial Liabilities      | 13.3     | 132.55           | 137.20          |
| Employee Benefit Obligation          | 14.1.b   | 12.12            | 12.75           |
| Other Current Liabilities            | 17       | 80.70            | 140.80          |
| <b>Total Current Liabilities</b>     |          | <b>2018.62</b>   | <b>2326.55</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |          | <b>1856.76</b>   | <b>1910.90</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/-  
**Priya Ranjan Panda**  
General Manager  
F&A (a/c)

Place: Chennai  
Date: 17/05/2023

Sd/-  
**Aravind Kumar**  
Director  
DIN:10117759

Sd/-  
**Ram Ganesh R**  
Company Secretary & Compliance Officer  
F8633

**As per our Report of even date**

For **Chandran and Raman**  
Chartered Accountants  
Firm Registration No.: 000571S

Sd/-  
**S Pattabiraman**  
Partner  
Membership No. 014309

**STATEMENT OF PROFIT AND LOSS**  
**for the year ended March 31,2023**

₹ in Crores

| Particulars                                           | Note No. | Year Ended March 31st |                 |
|-------------------------------------------------------|----------|-----------------------|-----------------|
|                                                       |          | 2023                  | 2022            |
| <b>Revenue</b>                                        |          |                       |                 |
| Revenue from Operations                               | 18       | 3,447.09              | 2,302.16        |
| Other Income                                          | 19       | 14.31                 | 31.33           |
| <b>Total Income</b>                                   |          | <b>3,461.40</b>       | <b>2,333.49</b> |
| <b>Expenditure</b>                                    |          |                       |                 |
| Cost of Materials Consumed                            | 20       | 2,486.30              | 1,504.07        |
| Purchases of Stock-in-Trade                           | 21       | 9.54                  | 7.23            |
| Changes in Inventories                                | 22       | 48.42                 | (46.17)         |
| Operating and Maintenance Expenses                    | 23       | 448.51                | 421.42          |
| Employee Benefits Expense                             | 24       | 105.60                | 103.35          |
| Finance Costs                                         | 25       | 78.19                 | 93.11           |
| Depreciation and Amortization Expense                 | 26       | 9.59                  | 9.45            |
| Other Expenses                                        | 27       | 26.59                 | 74.69           |
| <b>Total Expenses</b>                                 |          | <b>3,212.74</b>       | <b>2,167.15</b> |
| <b>Profit/(Loss) before Exceptional items and Tax</b> |          | <b>248.66</b>         | <b>166.34</b>   |
| Exceptional Items                                     |          | -                     | -               |
| <b>Profit/(Loss) after Exceptional items and Tax</b>  |          | <b>248.66</b>         | <b>166.34</b>   |
| <b>Profit/(Loss) before Tax</b>                       |          | <b>248.66</b>         | <b>166.34</b>   |
| Current Tax                                           |          | 58.00                 | -               |
|                                                       |          | 3.71                  | (0.55)          |
| Deferred Tax                                          |          | 1.62                  | 4.52            |
| <b>Tax Expenses /(Income)</b>                         |          | <b>63.33</b>          | <b>3.97</b>     |
| <b>Profit/(Loss) for the Year (A)</b>                 |          | <b>185.33</b>         | <b>162.37</b>   |

**STATEMENT OF PROFIT AND LOSS**  
**for the year ended March 31,2023**

₹ in Crores

| Particulars                                                   | Note No. | Year Ended March 31st |               |
|---------------------------------------------------------------|----------|-----------------------|---------------|
|                                                               |          | 2023                  | 2022          |
| 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       | 86.30                 | 46.88         |
| Re-measurements of defined benefit obligation                 | 28       | 1.44                  | 1.24          |
| Less: Tax (expenses)/benefit on the above                     | 28       | (54.73)               | (20.65)       |
| <b>Total Other Comprehensive Income (B)</b>                   |          | <b>33.00</b>          | <b>27.47</b>  |
| <b>Total Comprehensive Income (A+B)</b>                       |          | <b>218.33</b>         | <b>189.84</b> |
| Earnings per Equity Share( EPS):                              |          |                       |               |
| Equity Shares of par value Rs.10/- each                       |          |                       |               |
| Basic and Diluted EPS per share                               |          | 11.50                 | 10.08         |
| Number of Shares used in computing earning per share          |          | 161,101,300           | 161,101,300   |

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:07274628Sd/-  
**Aravind Kumar**  
Director  
DIN:10117759Sd/-  
**Priya Ranjan Panda**  
General Manager  
F&A (a/c)Sd/-  
**Ram Ganesh R**  
Company Secretary & Compliance Officer  
F8633Place: Chennai  
Date: 17/05/2023**As per our Report of even date**For **Chandran and Raman**  
Chartered Accountants  
Firm Registration No.: 000571SSd/-  
**S Pattabiraman**  
Partner  
Membership No. 014309

**STATEMENT OF CASH FLOW**  
**for the year ended March 31,2023**

₹ in Crores

| Particulars                                                                  | Year Ended March 31st |                 |
|------------------------------------------------------------------------------|-----------------------|-----------------|
|                                                                              | 2023                  | 2022            |
| <b>A CASH FLOW FROM OPERATING ACTIVITIES</b>                                 |                       |                 |
| Profit before Tax from Continuing Operations                                 | 248.66                | 166.72          |
| <b>Add/(Less) Adjustment for :</b>                                           |                       |                 |
| Depreciation and Amortization Expense                                        | 9.59                  | 9.46            |
| Finance Costs                                                                | 78.16                 | 92.84           |
| Interest Income                                                              | (6.88)                | (1.90)          |
| Dividend Income                                                              | (0.95)                | (0.63)          |
| Income from Investment Properties                                            | (4.64)                | (6.73)          |
| Provision No Longer required/Written Back of Accounts                        | (0.23)                | (15.91)         |
| Provisions made during the year                                              | 1.76                  | 48.35           |
| Loss on derecognition of Property Plant and equipment                        | 0.00                  | 2.54            |
| (Profit)/Loss on sale of Property, Plant and Equipment & Asset held for sale | (0.01)                | (0.17)          |
| <b>Operating Cash Flow before Working Capital Changes</b>                    | <b>325.46</b>         | <b>294.57</b>   |
| Adjustment for :                                                             |                       |                 |
| (Increase)/Decrease in Inventories                                           | 51.78                 | (37.07)         |
| (Increase)/Decrease in Trade Receivables                                     | 480.03                | (710.23)        |
| (Increase)/Decrease in Loans & Advances                                      | (3.61)                | (3.60)          |
| (Increase)/Decrease in Other Assets                                          | (22.88)               | (21.57)         |
| Increase/(decrease) in Provisions                                            | (12.43)               | 5.74            |
| Increase/(decrease) in Trade Payables                                        | (9.59)                | 21.00           |
| Increase/(decrease) in Other Liabilities                                     | (63.39)               | 134.05          |
| <b>Cash Generated from Operations</b>                                        | <b>745.37</b>         | <b>(317.12)</b> |
| Direct Tax paid (Net of refunds)                                             | (58.00)               | 0.75            |
| <b>Net Cash from Operating Activities</b>                                    | <b>687.37</b>         | <b>(316.37)</b> |
| <b>B CASH FLOW FROM INVESTING ACTIVITIES</b>                                 |                       |                 |
| Purchase of Property, Plant and Equipment                                    | (0.78)                | (2.02)          |
| (Increase)/Decrease in Capital Work in Progress                              | (9.91)                | (5.87)          |
| Interest Received (Gross)                                                    | 6.89                  | 1.90            |
| Income from Investment Properties                                            | 4.64                  | 6.73            |
| Dividend Income                                                              | 0.95                  | 0.63            |
| Proceeds from sale of Property, Plant and Equipment                          | 0.02                  | 0.17            |
| <b>Net Cash from Investing Activities</b>                                    | <b>1.81</b>           | <b>1.54</b>     |

**MADRAS FERTILIZERS LIMITED**

| Particulars                                                 | ₹ in Crores                |                |
|-------------------------------------------------------------|----------------------------|----------------|
|                                                             | Year Ended March 31st 2023 | 2022           |
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>                |                            |                |
| Net proceeds from Term Borrowings                           | (1.06)                     | (12.73)        |
| Net proceeds from Financial Assets                          | 0.00                       | 0.00           |
| Net proceeds from Working capital and Short-term borrowings | (294.35)                   | 317.27         |
| Repayment of Lease Liability                                | (1.10)                     | (1.23)         |
| Interest Paid                                               | (23.55)                    | (38.11)        |
| <b>Net Cash from Financing Activities</b>                   | <b>(320.06)</b>            | <b>265.21</b>  |
| <b>ABSTRACT</b>                                             |                            |                |
| (A) Net Cash from Operating Activities                      | 687.39                     | (316.77)       |
| (B) Net Cash from Investing Activities                      | 1.79                       | 1.56           |
| (C) Net Cash used in Financing Activities                   | (320.06)                   | 265.20         |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents</b> | <b>369.12</b>              | <b>(50.01)</b> |
| Cash and Cash Equivalents at the beginning of the year      | 0.00                       | 50.00          |
| <b>Cash and Cash Equivalents at the end of the year</b>     | <b>369.12</b>              | <b>(0.01)</b>  |
| <b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>              |                            |                |
| 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          | 369.12                     | 0.00           |
| <b>Total Cash and Cash equivalents</b>                      | <b>369.12</b>              | <b>0.00</b>    |

Significant Accounting Policies and other Notes forming part of 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

Sd/-  
**Aravind Kumar**  
Director  
DIN:10117759

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

Sd/-  
**Ram Ganesh R**  
Company Secretary & Compliance Officer  
F8633

**As per our Report of even date**

For **Chandran and Raman**  
Chartered Accountants  
Firm Registration No.: 000571S

Sd/-  
**S Pattabiraman**  
Partner  
Membership No. 014309

Place: Chennai  
Date: 17/05/2023



## STATEMENT OF CHANGES IN EQUITY

As on March 31, 2023

₹ in Crores

| Particulars                             | A) Equity Share Capital |          | B) Other Equity    |                                     | Total Equity |
|-----------------------------------------|-------------------------|----------|--------------------|-------------------------------------|--------------|
|                                         | No. of Shares           | Amount   | Reserves & Surplus | Items of Other Comprehensive Income |              |
| Balance as at April 1, 2021             | 161,101,300             | 161.10   |                    |                                     |              |
| Changes during the year                 | -                       | -        |                    |                                     |              |
| Balance as at March 31, 2022            | 161,101,300             | 161.10   |                    |                                     |              |
| Changes during the year                 | -                       | -        |                    |                                     |              |
| Balance as at March 31, 2023            | 161,101,300             | 161.10   |                    |                                     |              |
|                                         | A) Equity Share Capital |          | B) Other Equity    |                                     | Total Equity |
|                                         | No. of Shares           | Amount   | Reserves & Surplus | Items of Other Comprehensive Income |              |
| Balance as at April 1, 2021             | 202.36                  | (857.37) |                    |                                     |              |
| Profit/(Loss) for the Year (2021-22)    | -                       | 162.38   |                    |                                     | 162.38       |
| Other Comprehensive Income (Net of tax) | 26.54                   | 0.92     |                    |                                     | 27.46        |
| Total Comprehensive Income for the year | 26.54                   | 163.30   |                    |                                     | 189.84       |
| Balance as at March 31, 2022            | 228.90                  | (667.53) |                    |                                     |              |
| Balance as at April 1, 2022             | 228.90                  | (667.54) |                    |                                     |              |
| Profit/(Loss) for the Year (2022-23)    | -                       | 185.33   |                    |                                     | 185.33       |
| Other Comprehensive Income (Net of tax) | 31.62                   | 1.39     |                    |                                     | 33.01        |
| Total Comprehensive Income for the year | 31.62                   | 186.72   |                    |                                     | 218.33       |
| Balance as at March 31, 2023            | 260.52                  | (449.21) |                    |                                     |              |

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

Sd/-  
**Aravind Kumar**  
Director  
DIN: 10117759

Sd/-  
**Ram Ganesh R**  
Company Secretary & Compliance Officer  
F8633

### As per our Report of even date

For **Chandran and Raman**  
Chartered Accountants  
Firm Registration No.: 000571S

Sd/-  
**S Pattabiraman**  
Partner  
Membership No. 014309



## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED MARCH 31, 2023

### 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’.

### 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.

### Significant Accounting Policies

#### A. Property, Plant and Equipment (PPE):

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. Assets under construction/Capital Work in Progress included under Property, Plant and equipment are not depreciated as these assets are not yet available for use. However, they are tested for impairment if any.

**Depreciation:**

Depreciation on property, plant and equipment is provided for under Straight Line Method in conformity with the estimated useful life as specified in Schedule II to the Companies Act, 2013. In respect of plant and equipment, the depreciation is provided estimating the useful life as detailed hereunder.

**Life Extension of Plant and Equipment:**

With the feedstock conversion from Naphtha to RLNG, a technical assessment of the useful life of plant and machinery was made. As a result of the said assessment, the useful life of Plant and Equipment was extended for a further period of 15 years (except for NPK Plant which has an extended life of 10 years) from 01.04.2021 and depreciation is provided on the extended useful life of the plant and equipment.

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.

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.

In respect of plant and equipment, buildings, roads & bridges and railway siding and capital spares, residual value is considered at 5% of the cost and INR 1 in respect of other property, plant and equipment include asset acquired out of Govt Grant.

In the year of commissioning / retirement of assets, depreciation is calculated on pro-rata basis, for the period the asset is available for use.

**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.

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.

**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 materials and packing materials-FIFO;
2. Stores and Spares and Catalyst (yet to be issued) – Monthly Moving Weighted Average Cost;
3. Finished goods – At Cost or NRV whichever is lower
4. Work-in-process (including Ammonia and Manufactured Bulk Urea) – Cost of production. Which comprises of direct material costs, direct wages and applicable overheads.;

4. Traded goods– FIFO;
5. Goods in transit/under inspection are valued at cost;
6. Off-Spec Manufactured products are Estimated at Net Realizable values.

Catalyst issued to production is 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. Provision for obsolete / non-moving stores and spares are made upon the review by the Technical Committee once in a year, to reflect the impact of obsolescence, damage or other diminution in value of such items.

#### **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**

Revenue from sale of goods including subsidies 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.

#### **Accounting of Subsidy**

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. The subsidy so recognised by the company is considered under 'Revenue from Operations'.



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 (Subsidy from Govt):**

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. Subsidy due on urea sales 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 after adjusting for increase /decrease on account of annual escalation/ de-escalation in input prices as estimated by the Management considering the policy parameters and norms prescribed from time to time . Adjustments are effected in respect of difference, if any, in the Statement of Profit and Loss for the year in which the final notification is received from the Government of India;

- 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 due on conversion of feedstock to LNG is recognised in accordance with the the policy and guidelines notified by Government of India

**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, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use.

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:**

**a. 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.

**b. 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 administrated 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.

**c. 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.

**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.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS**

| 2 : Property, Plant and Equipment                  |             | 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>Particulars</b>                                 |             |              |             |                                    |                |                   |                                  |               |                  |                        |                                 |       |
| <b>Gross Block</b>                                 |             |              |             |                                    |                |                   |                                  |               |                  |                        |                                 |       |
| Balance as on April 1,2021                         | 0.58        | 9.57         | 3.33        | 0.53                               | 302.01         | 2.27              | 2.83                             | 4.59          | 0.72             | 0.60                   | 327.03                          |       |
| Additions                                          | -           | 0.02         | -           | -                                  | 8.80           | -                 | 0.36                             | 0.49          | -                | 0.01                   | 9.68                            |       |
| Deletions / Adjustments                            | -           | -            | -           | -                                  | 0.31           | -                 | -                                | -             | -                | -                      | 0.31                            |       |
| Reclassified as held for sale                      | -           | -            | -           | -                                  | -              | -                 | -                                | -             | -                | -                      | -                               |       |
| <b>Balance as on March 31,2022</b>                 | <b>0.58</b> | <b>9.59</b>  | <b>3.33</b> | <b>0.53</b>                        | <b>310.50</b>  | <b>2.27</b>       | <b>3.19</b>                      | <b>5.08</b>   | <b>0.72</b>      | <b>0.61</b>            | <b>336.40</b>                   |       |
| Additions                                          | -           | 1.09         | -           | -                                  | 9.89           | -                 | -                                | 0.03          | -                | -                      | 11.01                           |       |
| Deletions / Adjustments                            | -           | 0.01         | -           | -                                  | -              | 0.03              | 0.02                             | -             | 0.01             | 0.02                   | 0.09                            |       |
| Reclassified as held for sale/ Investment Property | -           | -            | -           | -                                  | -              | -                 | -                                | -             | -                | -                      | -                               |       |
| <b>Balance as on March 31,2023</b>                 | <b>0.58</b> | <b>10.67</b> | <b>3.33</b> | <b>0.53</b>                        | <b>320.39</b>  | <b>2.24</b>       | <b>3.17</b>                      | <b>5.11</b>   | <b>0.71</b>      | <b>0.59</b>            | <b>347.32</b>                   |       |
| <b>Depreciation/Amortisation</b>                   |             |              |             |                                    |                |                   |                                  |               |                  |                        |                                 |       |
| Balance as on April 1,2021                         | -           | 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                            | -           | -            | -           | -                                  | -              | -                 | -                                | -             | -                | -                      | -                               |       |
| <b>Balance as on March 31,2022</b>                 | <b>-</b>    | <b>2.55</b>  | <b>1.89</b> | <b>0.11</b>                        | <b>134.87</b>  | <b>1.22</b>       | <b>1.89</b>                      | <b>4.55</b>   | <b>0.41</b>      | <b>0.27</b>            | <b>147.76</b>                   |       |
| Additions                                          | -           | 0.54         | 0.46        | 0.03                               | 7.64           | 0.13              | 0.19                             | 0.15          | 0.08             | 0.06                   | 9.28                            |       |
| Deletions / Adjustments                            | -           | -            | -           | -                                  | -              | 0.03              | -                                | 0.02          | 0.01             | 0.02                   | 0.08                            |       |
| <b>Balance as on March 31,2023</b>                 | <b>-</b>    | <b>3.09</b>  | <b>2.35</b> | <b>0.14</b>                        | <b>142.51</b>  | <b>1.32</b>       | <b>2.08</b>                      | <b>4.68</b>   | <b>0.48</b>      | <b>0.31</b>            | <b>156.96</b>                   |       |
| <b>Net Block</b>                                   |             |              |             |                                    |                |                   |                                  |               |                  |                        |                                 |       |
| As at March 31,2022                                | 0.58        | 7.04         | 1.44        | 0.42                               | 175.63         | 1.05              | 1.30                             | 0.53          | 0.31             | 0.34                   | 188.64                          |       |
| As at March 31,2023                                | 0.58        | 7.58         | 0.98        | 0.39                               | 177.88         | 0.92              | 1.09                             | 0.43          | 0.23             | 0.28                   | 190.36                          |       |

**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 Rs 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

₹ in Crores

|                                    |             |                  |
|------------------------------------|-------------|------------------|
| <b>2.1: Right of use assets</b>    |             |                  |
| <b>Particulars</b>                 |             | <b>Land</b>      |
| <b>Gross Block</b>                 |             |                  |
| Balance as on April 1,2021         |             | 1.71             |
| Additons                           |             | -                |
| Deletions/Adjustments              |             | -                |
| Reclassified as held for sale      |             | -                |
| <b>Balance as on March 31,2022</b> |             | <b>1.71</b>      |
| Additons                           |             | -                |
| Deletions/Adjustments              |             | -                |
| Reclassified as held for sale      |             | -                |
| <b>Balance as on March 31,2023</b> |             | <b>1.71</b>      |
| <b>Depreciation/Amortisation</b>   |             |                  |
| Balance as on April 1,2021         |             | 0.89             |
| Additons                           |             | 0.44             |
| Deletions/Adjustments              |             | -                |
| <b>Balance as on March 31,2022</b> |             | <b>1.33</b>      |
| Additons                           |             | 0.31             |
| Deletions/<br>Adjustments          |             | -                |
| <b>Balance as on March 31,2023</b> |             | <b>1.64</b>      |
| Net Block                          |             |                  |
| As at March 31,2022                |             | 0.38             |
| As at March 31,2023                |             | 0.07             |
| <b>3: Investment Property</b>      |             |                  |
| <b>Particulars</b>                 | <b>Land</b> | <b>Buildings</b> |
| <b>Gross Block</b>                 |             |                  |
| Balance as on April 1,2021         | 1.27        | 0.33             |
| Additons                           | -           | -                |
| Deletions/Adjustments              | -           | -                |
| Reclassified as held for sale      | -           | -                |
| <b>Balance as on March 31,2022</b> | <b>1.27</b> | <b>0.33</b>      |
| Additons                           | -           | -                |
| Deletions/Adjustments              | -           | -                |
| Reclassified as held for sale      | -           | -                |
| <b>Balance as on March 31,2023</b> | <b>1.27</b> | <b>0.33</b>      |
| <b>Depreciation/Amortisation</b>   |             |                  |
| Balance as on April 1,2021         | -           | 0.25             |
| Additons                           | -           | 0.01             |

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS**

₹ in Crores

| Particulars                        | Land     | Buildings   |
|------------------------------------|----------|-------------|
| Deletions/Adjustments              | -        | -           |
| <b>Balance as on March 31,2022</b> | <b>-</b> | <b>0.26</b> |
| Additions                          | -        | 0.01        |
| Deletions/Adjustments              | -        | -           |
| <b>Balance as on March 31,2023</b> | <b>-</b> | <b>0.27</b> |
| <b>Net Block</b>                   |          |             |
| As at March 31,2022                | 1.27     | 0.07        |
| As at March 31,2023                | 1.27     | 0.06        |

₹ in Crores

| Particulars                                               | As at March 31 |               |
|-----------------------------------------------------------|----------------|---------------|
|                                                           | 2023           | 2022          |
| <b>2: Property, plant and equipment</b>                   |                |               |
| Gross Block                                               | 1,096.28       | 1,085.36      |
| Less: Depreciation                                        | (905.92)       | (896.72)      |
| <b>Net Block</b>                                          | <b>190.36</b>  | <b>188.64</b> |
| <b>2.1: Right of use assets</b>                           |                |               |
| Land                                                      | 1.71           | 1.71          |
| Less: Depreciation                                        | (1.64)         | (1.33)        |
| <b>Total</b>                                              | <b>0.07</b>    | <b>0.38</b>   |
| <b>2.2: Capital Work-in-progress</b>                      |                |               |
| (Refer Note No.29 (A) (i))                                |                |               |
| <b>Capital Work in Progress -Tangible Assets</b>          |                |               |
| Balance as at beginning of the year                       | 13.76          | 14.01         |
| Add: Additions * during the year                          | 9.91           | 8.53          |
| Less: Transfer to Property, Plant and Equipment (Note 2)  | (10.22)        | (3.90)        |
| Less: Other Allocation/ Adjustment during the year,if any | (0.05)         | (2.66)        |
| Less: written off/de-recognised during the year,if any    | -              | (2.22)        |
|                                                           | 13.40          | 13.76         |
| <b>Capital Goods in Transit</b>                           |                |               |
| Balance as at beginning of the year                       | -              | 3.77          |
| Add: Additions during the year                            | -              | -             |
| Less: Transfer to Property, Plant and Equipment (Note 2)  | -              | (3.77)        |
|                                                           | -              | -             |
| <b>Total</b>                                              | <b>13.40</b>   | <b>13.76</b>  |

(\*includes Rs.1.70Cr License fee paid to SAP India Pvt Ltd, pending implementation)

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS**

₹ in Crores

| Particulars                                                      | As at March 31 |               |
|------------------------------------------------------------------|----------------|---------------|
|                                                                  | 2023           | 2022          |
| <b>4: Financial Assets -Investments</b>                          |                |               |
| <b>Unquoted Equity Instruments at FVTOCI</b>                     |                |               |
| <b>(a) Indian Potash Limited</b>                                 | 335.93         | 249.63        |
| 15,84,000 Equity Shares (P.Y 15,84,000) of ₹ 10 each fully paid. |                |               |
| <b>(b) Fortune Bio-Tech Ltd</b>                                  | 1.25           | 1.25          |
| 12,50,000 Equity shares (P.Y 12,50,000) of ₹ 10 each fully paid. |                |               |
| Less: Expected Credit Loss Allowance                             | (0.19)         | (0.38)        |
|                                                                  | 1.06           | 0.87          |
| <b>Total</b>                                                     | <b>336.99</b>  | <b>250.50</b> |
| Aggregate Amount of unquoted investments                         | 336.99         | 250.50        |
| Aggregate Amount of impairment in value of investments           | -              | -             |
| <b>4.1.a: Loans (Non-current)</b>                                |                |               |
| Advances to Employees                                            |                |               |
| Considered good- Unsecured                                       | 17.90          | 14.47         |
| <b>Total</b>                                                     | <b>17.90</b>   | <b>14.47</b>  |
| <b>4.1.b: Loans (Current)</b>                                    |                |               |
| Advances to Employees                                            |                |               |
| Considered good- Unsecured                                       | 0.47           | 0.29          |
| <b>Total</b>                                                     | <b>0.47</b>    | <b>0.29</b>   |
| <b>4.2.a: Other Financial Assets (Non-current)</b>               |                |               |
| Rental Deposits                                                  | 0.28           | 0.28          |
| Income Tax Refunds                                               | 1.02           | 2.94          |
| <b>Total</b>                                                     | <b>1.30</b>    | <b>3.22</b>   |
| <b>4.2.b: Other Financial Assets (Current)</b>                   |                |               |
| Receivables towards Rent/Services                                | 0.70           | 5.94          |
| Receivables towards Asset held for Sale                          | 1.24           | 17.11         |
| Security Deposits                                                | -              | 0.42          |
| Claims recoverable                                               | 5.69           | 2.32          |
| Less: Expected Credit Loss Allowance                             | (1.01)         | (1.01)        |
| <b>Total</b>                                                     | <b>6.62</b>    | <b>24.78</b>  |



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

₹ in Crores

| Particulars                                                     | As at March 31 |                |
|-----------------------------------------------------------------|----------------|----------------|
|                                                                 | 2023           | 2022           |
| <b>5.1.a: Deferred Tax Assets/(Liability) (Net)</b>             |                |                |
| A. Deferred Tax Asset                                           |                |                |
| i. Expenditure allowable on payment basis                       | 15.32          | 15.50          |
| ii. Other timing differences                                    | -              | -              |
| iii. Unabsorbed tax lossess                                     | -              | 0.07           |
| <b>TOTAL</b>                                                    | <b>15.32</b>   | <b>15.58</b>   |
| B. Deferred Tax Liability                                       |                |                |
| i. Depreciation                                                 | 22.51          | 20.99          |
| ii. Fair Value of Investments                                   | 74.32          | 19.63          |
| iii. Other timing differences                                   | 0.02           | 0.12           |
| <b>TOTAL</b>                                                    | <b>96.85</b>   | <b>40.75</b>   |
| <b>Total</b>                                                    | <b>(81.53)</b> | <b>(25.17)</b> |
| <b>5.1.b: Current Tax Assets/(Liability) (Net of Provision)</b> |                |                |
| Advance Income Tax                                              | 62.93          | 0.72           |
| Tax Deducted at Source                                          | 0.61           |                |
| Less:                                                           |                |                |
| Provision for Taxation                                          | (58.00)        |                |
| <b>Total</b>                                                    | <b>5.54</b>    | <b>0.72</b>    |
| <b>6: Other Non-Current Assets</b>                              |                |                |
| Deposits with government departments and others                 | 16.74          | 17.70          |
| Balances with customs, port trust and excise authorities        | -              | -              |
| Lease equalization reserve                                      | -              | -              |
| <b>Total</b>                                                    | <b>16.74</b>   | <b>17.70</b>   |
| <b>7: Inventories</b>                                           |                |                |
| For Operations                                                  |                |                |
| (a) Raw materials                                               | 42.24          | 62.54          |
| Add : Raw materials in transit                                  |                |                |
|                                                                 | <b>42.24</b>   | <b>62.54</b>   |
| (b) Work in progress                                            | 79.47          | 130.00         |
| (c) Finished goods                                              |                |                |
| - Fertilizers                                                   | 14.94          | 12.83          |
| - Agro Chemicals                                                |                |                |



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

₹ in Crores

| Particulars                                                                                                                                                                                                                                                                              | As at March 31 |               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------|
|                                                                                                                                                                                                                                                                                          | 2023           | 2022          |
| (d) Stores and Spares                                                                                                                                                                                                                                                                    | 83.47          | 70.40         |
| Add: Stores in transit                                                                                                                                                                                                                                                                   | 5.99           | 1.71          |
|                                                                                                                                                                                                                                                                                          | <b>89.46</b>   | <b>72.11</b>  |
| (e) Loose tools                                                                                                                                                                                                                                                                          |                |               |
| (f) Catalysts                                                                                                                                                                                                                                                                            |                |               |
| - In use                                                                                                                                                                                                                                                                                 | 0.89           | 1.24          |
| - Not in use (available in Stores)                                                                                                                                                                                                                                                       | 1.55           | 1.55          |
| (g) Packing Materials                                                                                                                                                                                                                                                                    | 3.41           | 3.47          |
| <b>Total</b>                                                                                                                                                                                                                                                                             | <b>231.96</b>  | <b>283.74</b> |
| Includes                                                                                                                                                                                                                                                                                 |                |               |
| Amount of write down of inventories carried at NRV and recognized as expense                                                                                                                                                                                                             | -              | 0.00          |
| <b>8: Trade Receivables (Current)</b>                                                                                                                                                                                                                                                    |                |               |
| (Refer Note No.29 (A) (ii))                                                                                                                                                                                                                                                              |                |               |
| <b>Towards Subsidy</b>                                                                                                                                                                                                                                                                   |                |               |
| (a) Considered Good Unsecured*                                                                                                                                                                                                                                                           | 492.80         | 976.78        |
| <b>Towards Sale of Goods</b>                                                                                                                                                                                                                                                             |                |               |
| (a) Considered Good Secured                                                                                                                                                                                                                                                              | 10.81          | 6.86          |
| (b) Considered Good Unsecured                                                                                                                                                                                                                                                            |                |               |
| (c) which have significant increase in credit risk                                                                                                                                                                                                                                       |                |               |
| (d) Credit Impaired                                                                                                                                                                                                                                                                      | 4.38           | 4.38          |
|                                                                                                                                                                                                                                                                                          | 15.19          | 11.24         |
| Less: Expected Credit Loss Allowance                                                                                                                                                                                                                                                     | (4.38)         | (4.38)        |
|                                                                                                                                                                                                                                                                                          | 10.81          | 6.86          |
| <b>Total</b>                                                                                                                                                                                                                                                                             | <b>503.61</b>  | <b>983.64</b> |
| *The above sum include Rs. 179.07 Cr eligible subsidy realisable on stock of urea remaining unsold with dealers as at the year end                                                                                                                                                       |                |               |
| 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. |                |               |
| <b>9: Cash and Cash Equivalents</b>                                                                                                                                                                                                                                                      |                |               |
| Cash on hand                                                                                                                                                                                                                                                                             | 0.00           |               |
| <b>Balances with Banks</b>                                                                                                                                                                                                                                                               |                |               |
| In Current Account                                                                                                                                                                                                                                                                       | 0.01           |               |
| In Deposit Account (Maturity < 3 months)                                                                                                                                                                                                                                                 | 369.12         | -             |
| <b>Total</b>                                                                                                                                                                                                                                                                             | <b>369.13</b>  | <b>0.00</b>   |



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

₹ in Crores

| Particulars                                                    | As at March 31 |              |
|----------------------------------------------------------------|----------------|--------------|
|                                                                | 2023           | 2022         |
| <b>9.a: Bank Balances other than Cash and Cash Equivalents</b> |                |              |
| Margin Money Deposits                                          | 30.02          | 31.81        |
| <b>Total</b>                                                   | <b>30.02</b>   | <b>31.81</b> |
| <b>10: Other Current Assets</b>                                |                |              |
| <b>Unsecured, considered good unless otherwise stated</b>      |                |              |
| Prepaid expenses                                               | 12.68          | 15.34        |
| GST Input Credit                                               | 165.36         | 124.51       |
| Advances to Suppliers, Employees, etc.,                        | 1.61           | 2.62         |
| Dismantled/Scrapped Assets                                     | 0.00           | 0.00         |
| Lease equalization reserve                                     | -              | -            |
|                                                                | 179.65         | 142.47       |
| Less: Provision for un-utilised GST ITC                        | (48.33)        | (46.56)      |
| <b>Total</b>                                                   | <b>131.32</b>  | <b>95.91</b> |
| Assets Held for Sales                                          | 0.00           | 0.00         |



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

₹ in Crores

| Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | As at March 31st       |                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 2023                   | 2022                   |
| <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                 |
| <b>Forfeited Shares:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                        |                        |
| 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>          |
| <b>a) Rights, preferences and restriction relating to each class of share capital:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                        |                        |
| <b>Equity shares:</b> 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.<br><br>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. |                        |                        |
| <b>Preference shares:</b> 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, 2023 (2022: Nil)                                                                                                                                                                                                                    |                        |                        |
| <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%)      |
| <b>Others</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                        |                        |
| Naftiran 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>           |



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

₹ in Crores

| Particulars                                                              | As at March 31st |                 |
|--------------------------------------------------------------------------|------------------|-----------------|
|                                                                          | 2023             | 2022            |
| <b>Retained Earnings</b>                                                 |                  |                 |
| <b>Opening Balance</b>                                                   | (908.82)         | (1,072.12)      |
| Add: Profit/ (Loss) for the year                                         | 185.33           | 162.38          |
| Add: Other Comprehensive Income recognized directly in Retained Earnings | 1.38             | 0.92            |
| <b>Closing balance</b>                                                   | <b>-722.11</b>   | <b>-908.82</b>  |
| <b>Other Comprehensive Income</b>                                        |                  |                 |
| <b>Opening Balance</b>                                                   | 228.89           | 202.35          |
| Add/(Less) : During the year                                             | 31.62            | 26.54           |
| <b>Closing balance</b>                                                   | <b>260.51</b>    | <b>228.89</b>   |
| <b>Total</b>                                                             | <b>(449.21)</b>  | <b>(667.54)</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

**13.1.a: Financial Liabilities -Borrowings (Non-current)****Unsecured loans**

|                                  |          |             |
|----------------------------------|----------|-------------|
| Government of India ('GOI') loan | -        | 8.90        |
| Term Loans from Bank             | -        | 0.00        |
| <b>Total</b>                     | <b>-</b> | <b>8.90</b> |

**13.1.b: Financial Liabilities -Borrowings (current)****Secured Loans**

|                        |        |        |
|------------------------|--------|--------|
| Cash credit from banks | 118.84 | 251.99 |
| Buyer's Credit         | -      | 161.20 |

(Secured by hypothecation of inventories and book debts including GOI subsidy receivable with first charge on plant and machinery (excluding the movable fixed assets of the company earmarked to IOC to the extent of Rs.50 Cr) and an equitable mortgage on the land at Manali both present and future.)

**Unsecured Loans**

|                             |                 |                 |
|-----------------------------|-----------------|-----------------|
| GOI loan - current portion: |                 |                 |
| - Principal                 | 554.24          | 545.35          |
| - Interest accrued and due  | 820.99          | 766.40          |
| Term Loans from Bank        | -               | 1.06            |
| <b>Total</b>                | <b>1,494.07</b> | <b>1,726.00</b> |

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS**

₹ in Crores

| Particulars                                                                                                                                                                                                                                                                                                                     | As at March 31st |               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------------|
|                                                                                                                                                                                                                                                                                                                                 | 2023             | 2022          |
| 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: |                  |               |
| - 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>13.2.a: Lease Liabilities (Non-current)</b>                                                                                                                                                                                                                                                                                  |                  |               |
| Land                                                                                                                                                                                                                                                                                                                            | -                | 0.07          |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                    | <b>-</b>         | <b>0.07</b>   |
| <b>13.2.b: Lease Liabilities (Current)</b>                                                                                                                                                                                                                                                                                      |                  |               |
| Land                                                                                                                                                                                                                                                                                                                            | 0.02             | 1.06          |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                    | <b>0.02</b>      | <b>1.06</b>   |
| <b>13.3 : Other Financial Liabilities (Current)</b>                                                                                                                                                                                                                                                                             |                  |               |
| Interest accrued but not due on loans                                                                                                                                                                                                                                                                                           | 15.55            | 15.55         |
| Statutory Dues                                                                                                                                                                                                                                                                                                                  | 11.78            | 14.73         |
| Dealer Deposits                                                                                                                                                                                                                                                                                                                 | 98.21            | 95.43         |
| Capital Creditors                                                                                                                                                                                                                                                                                                               | 1.04             | 4.79          |
| Others                                                                                                                                                                                                                                                                                                                          | 5.97             | 6.70          |
|                                                                                                                                                                                                                                                                                                                                 | <b>132.55</b>    | <b>137.20</b> |
| <b>14.1.a: Employee Benefit Obligation (Non-current)</b>                                                                                                                                                                                                                                                                        |                  |               |
| Provisions towards Employee Benefits : Non-current                                                                                                                                                                                                                                                                              |                  |               |
| Post Retirement medical benefits                                                                                                                                                                                                                                                                                                | 1.15             | 1.50          |
| Leave encashment                                                                                                                                                                                                                                                                                                                | 11.81            | 11.27         |
| Service awards                                                                                                                                                                                                                                                                                                                  | 0.50             | 0.52          |
| Gratuity                                                                                                                                                                                                                                                                                                                        | 25.84            | 28.16         |
| Superannuation                                                                                                                                                                                                                                                                                                                  | 3.86             | 13.52         |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                    | <b>43.16</b>     | <b>54.97</b>  |

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS**

₹ in Crores

| Particulars                                                                                                                                                                                                            | As at March 31st |               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------------|
|                                                                                                                                                                                                                        | 2023             | 2022          |
| <b>14.1.b: Employee Benefit Obligation (Current)</b>                                                                                                                                                                   |                  |               |
| <b>Provision towards Employee Benefits: Current</b>                                                                                                                                                                    |                  |               |
| Post Retirement medical benefits                                                                                                                                                                                       | 0.15             | 0.19          |
| Leave encashment                                                                                                                                                                                                       | 5.28             | 5.60          |
| Service awards                                                                                                                                                                                                         | 0.20             | 0.21          |
| Gratuity                                                                                                                                                                                                               | 6.49             | 6.75          |
| <b>Total</b>                                                                                                                                                                                                           | <b>12.12</b>     | <b>12.75</b>  |
| <b>15: Other Non- Current Liabilities</b>                                                                                                                                                                              |                  |               |
| Rent received in advance                                                                                                                                                                                               | 0.52             | 0.64          |
| <b>Total</b>                                                                                                                                                                                                           | <b>0.52</b>      | <b>0.64</b>   |
| <b>16: Trade Payables</b>                                                                                                                                                                                              |                  |               |
| (Refer Note No.29 (A) (iii))                                                                                                                                                                                           |                  |               |
| Trade Payables                                                                                                                                                                                                         |                  |               |
| Secured                                                                                                                                                                                                                | 235.39           | 251.16        |
| Unsecured                                                                                                                                                                                                              | 63.77            | 57.58         |
| - Total outstanding dues of micro enterprises and small enterprises                                                                                                                                                    | 24.57            | 11.26         |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises                                                                                                                               | 274.59           | 297.48        |
| <b>Total</b>                                                                                                                                                                                                           | <b>299.16</b>    | <b>308.74</b> |
| <b>Secured against the following:</b>                                                                                                                                                                                  |                  |               |
| Dues to IOC ₹ 235.48 Cr (March 31, 2022 ₹ 251.16 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. |                  |               |
| <b>17: Other - Current Liabilities</b>                                                                                                                                                                                 |                  |               |
| Advance from Customers                                                                                                                                                                                                 | 23.76            | 20.26         |
| Rent received in advance                                                                                                                                                                                               | 0.12             | 0.12          |
| GAIL - Pool Account*                                                                                                                                                                                                   | 54.24            | 120.42        |
| POS Machine Fund Account                                                                                                                                                                                               | 2.58             | 0.00          |
| <b>Total</b>                                                                                                                                                                                                           | <b>80.70</b>     | <b>140.80</b> |
| *Amount Payable to GAIL (Pool Operator) on account of Gas Pool Account amounting to ₹ 54.23 Cr (CPLY Trade Receivable ₹ 120.42 Cr).                                                                                    |                  |               |

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS**

| Particulars                              | ₹ in Crores      |                 |
|------------------------------------------|------------------|-----------------|
|                                          | As at March 31st |                 |
|                                          | 2023             | 2022            |
| <b>18: Revenue from Operations (Net)</b> |                  |                 |
| Sale of Products (Net of GST)            |                  |                 |
| Manufactured Goods                       | 294.06           | 328.78          |
| Traded Goods                             | 13.73            | 9.83            |
|                                          | <b>307.79</b>    | <b>338.61</b>   |
| Less: Rebates                            | -                | (0.00)          |
| <b>Net Sales</b>                         | <b>307.79</b>    | <b>338.61</b>   |
| <b>Subsidy from Government:</b>          |                  |                 |
| <b>Manufactured Goods-Urea Subsidy</b>   |                  |                 |
| Price Subsidy                            | 3,044.54         | 1,878.82        |
| Freight Subsidy                          | 70.58            | 47.91           |
|                                          | <b>3,115.12</b>  | <b>1,926.73</b> |
| <b>Manufactured Goods-NPK</b>            |                  |                 |
| Price Subsidy                            | 23.62            | 32.67           |
| Freight Subsidy                          | 0.56             | 1.72            |
|                                          | <b>24.18</b>     | <b>34.39</b>    |
| <b>Traded Goods-City Compost</b>         |                  |                 |
| Price Subsidy                            | -                | 0.79            |
|                                          | -                | <b>0.79</b>     |
| <b>Other Operating Income:</b>           |                  |                 |
| Exchange Rate Fluctuation                | -                | -               |
| Sale of Scrap                            | 0.00             | 1.64            |
| Rectification for Stores & Spares        | -                | -               |
| <b>Total</b>                             | <b>3,447.09</b>  | <b>2,302.16</b> |

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).

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS**

| Particulars                                                | ₹ in Crores      |                 |
|------------------------------------------------------------|------------------|-----------------|
|                                                            | As at March 31st |                 |
|                                                            | 2023             | 2022            |
| <b>19: Other Income</b>                                    |                  |                 |
| Interest income under Effective Interest Method:           |                  |                 |
| From Bank and Others                                       | 6.88             | 2.20            |
| Dividend Income - Non-Current Investments                  | 0.95             | 0.64            |
| Profit on sale of Property, Plant and Equipment (Net)      | 0.01             | 0.17            |
| Insurance Claim                                            | -                | 4.42            |
| Rental Income                                              | 4.64             | 6.73            |
| Provision No Longer required/Written Back of Accounts      | 0.22             | 15.91           |
| Reversal of Impairment of Investments                      | 0.19             | -               |
| Others*                                                    | 1.42             | 1.26            |
| * Includes Liquidated damages and sale of tender documents |                  |                 |
| <b>Total</b>                                               | <b>14.31</b>     | <b>31.33</b>    |
| <b>20: Cost of Materials Consumed</b>                      |                  |                 |
| Opening Stock                                              | 62.54            | 74.15           |
| Add: Purchases                                             | 2,466.00         | 1,492.46        |
|                                                            | 2,528.54         | 1,566.61        |
| Less:                                                      |                  |                 |
| Reclassification of Naphtha                                | -                | -               |
| Closing Stock                                              | (42.24)          | (62.54)         |
| <b>Total</b>                                               | <b>2,486.30</b>  | <b>1,504.07</b> |
| <b>21: Purchase Stock in Trade</b>                         |                  |                 |
| Agrochemicals                                              | 4.58             | 2.46            |
| Organic manure                                             | 2.43             | 2.09            |
| City compost                                               | 2.53             | 2.68            |
| <b>Total</b>                                               | <b>9.54</b>      | <b>7.23</b>     |
| <b>22 : Changes in Inventories</b>                         |                  |                 |
| <b>Opening stock</b>                                       |                  |                 |
| Finished goods                                             | 12.83            | 23.90           |
| Work in progress                                           | 130.00           | 72.76           |
|                                                            | <b>142.83</b>    | <b>96.66</b>    |
| <b>Less : Closing stock</b>                                |                  |                 |
| Finished goods                                             | (14.94)          | (12.83)         |
| Work in progress                                           | (79.47)          | (130.00)        |
| <b>Total</b>                                               | <b>48.42</b>     | <b>(46.17)</b>  |

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS**

| Particulars                                                                                                 | ₹ in Crores      |               |
|-------------------------------------------------------------------------------------------------------------|------------------|---------------|
|                                                                                                             | As at March 31st |               |
|                                                                                                             | 2023             | 2022          |
| <b>23 : Operating and Maintenance Expenses</b>                                                              |                  |               |
| Consumption of Stores, Spares & Packing materials                                                           | 28.36            | 33.25         |
| Power, Water & Fuel                                                                                         | 271.40           | 241.44        |
| <b>Repairs and maintenance</b>                                                                              |                  |               |
| Plant and machinery                                                                                         | 38.43            | 36.49         |
| Buildings                                                                                                   | 0.44             | 0.30          |
| Computers & other assets                                                                                    | 2.51             | 0.95          |
| <b>Transportation and warehousing</b>                                                                       |                  |               |
| Transportation and warehousing                                                                              | 68.48            | 71.56         |
| Secondary freight                                                                                           | 3.39             | 1.81          |
| Warehouse rent                                                                                              | 0.04             | 0.06          |
| Insurance                                                                                                   | 7.98             | 8.30          |
| Finished product handling                                                                                   | 27.48            | 27.26         |
| <b>Total</b>                                                                                                | <b>448.51</b>    | <b>421.42</b> |
| <b>24 : Employee Benefit Expenses</b>                                                                       |                  |               |
| Salaries, wages and bonus                                                                                   | 77.19            | 74.61         |
| Contribution to provident and other funds                                                                   | 19.00            | 18.65         |
| Welfare expenses                                                                                            | 9.41             | 10.09         |
| <b>Total</b>                                                                                                | <b>105.60</b>    | <b>103.35</b> |
| <b>25: Finance Costs</b>                                                                                    |                  |               |
| Interest on term loans:                                                                                     |                  |               |
| From GOI                                                                                                    | 54.58            | 54.58         |
| From Bank                                                                                                   | 11.39            | 13.82         |
| Other borrowings:                                                                                           |                  |               |
| Interest expenses on                                                                                        |                  |               |
| Lease deposits                                                                                              | -                | -             |
| Dealer deposits                                                                                             | 7.24             | 9.60          |
| Trade Advances                                                                                              | -                | -             |
| Deferred Credit                                                                                             | 2.40             | 6.12          |
| Unwinding Financial Cost                                                                                    | 0.03             | 0.16          |
| Others*                                                                                                     | 2.55             | 8.83          |
| * Includes interest on bills negotiation, cash discount given to customers<br>& Penal interest to CISF dues |                  |               |
| <b>Total</b>                                                                                                | <b>78.19</b>     | <b>93.11</b>  |



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

| Particulars                                                | ₹ in Crores      |              |
|------------------------------------------------------------|------------------|--------------|
|                                                            | As at March 31st |              |
|                                                            | 2023             | 2022         |
| <b>26 : Depreciation and Amortisation Expenses</b>         |                  |              |
| Depreciation - PPE & Investment Property                   | 9.28             | 9.01         |
| Depreciation - Right to Use (Lease)                        | 0.31             | 0.44         |
| <b>Total</b>                                               | <b>9.59</b>      | <b>9.45</b>  |
| <b>27 : Other Expenses</b>                                 |                  |              |
| <b>Payment to statutory auditors</b>                       |                  |              |
| Statutory audit                                            | 0.08             | 0.08         |
| Tax audit                                                  | 0.02             | 0.02         |
| Certification                                              | 0.10             | 0.16         |
| <b>Others</b>                                              |                  |              |
| Rent                                                       | 1.54             | 0.39         |
| Rates and taxes                                            | 0.93             | 0.99         |
| Directors' expenses                                        | 0.17             | 0.05         |
| Agro services/ information expenses                        | 0.13             | 0.13         |
| Advertising and publicity                                  | 0.01             | 0.10         |
| Loss on sale of Naphtha (incl. Stock loss)                 | -                | 1.27         |
| Exchange Rate Fluctuation                                  | -                | 1.68         |
| Bank charges                                               | 10.32            | 6.43         |
| Security charges                                           | 3.10             | 3.67         |
| Contract labour                                            | 1.73             | 2.40         |
| Car rentals                                                | 1.03             | 1.10         |
| Travel expenses                                            | 1.01             | 0.31         |
| Postage and telecom expenses                               | 0.28             | 0.21         |
| Gain/Loss on derecognition of Property Plant and equipment | 0.00             | 2.54         |
| Provision for unutilised GST ITC                           | 1.77             | 46.56        |
| Provision for Sales Tax                                    | -                | 1.79         |
| CSR - Expenses                                             | 0.12             | 0.41         |
| Miscellaneous expenses                                     | 4.25             | 4.40         |
| <b>Total</b>                                               | <b>26.59</b>     | <b>74.69</b> |



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

| Particulars                                                 | ₹ in Crores      |              |
|-------------------------------------------------------------|------------------|--------------|
|                                                             | As at March 31st |              |
|                                                             | 2023             | 2022         |
| <b>28 : Other Comprehensive Income</b>                      |                  |              |
| Items that will not be Re-classified to Profit and Loss     |                  |              |
| Fair Value Change of Non-Current Investments                | 86.30            | 46.88        |
| Remeasurement of Defined Benefit plan                       | 1.44             | 1.24         |
| Less : Change in Asset Ceiling under para64(b) of IND AS 19 | -                | -            |
| Less : Tax (expenses)/benefit on the above                  | (54.73)          | (20.65)      |
| <b>Total</b>                                                | <b>33.00</b>     | <b>27.47</b> |



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

₹ in 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 2023 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           | 2.19                                               | 6.61        | 4.60        |                   | 13.40        |
| Projects temporarily suspended | -                                                  | -           | -           | -                 | -            |
| <b>Total</b>                   | <b>2.19</b>                                        | <b>6.61</b> | <b>4.60</b> |                   | <b>13.40</b> |

(b) 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> |

(c) Capital-Work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan as on 31st March 2023

| Particulars        | To be completed in |             |             |                   | Total       |
|--------------------|--------------------|-------------|-------------|-------------------|-------------|
|                    | Less than 1 year   | 1 - 2 years | 2 - 3 years | More than 3 years |             |
| Dedicated RO Plant | -                  | 4.24        |             | -                 | 4.24        |
| <b>Total</b>       | <b>-</b>           | <b>4.24</b> | <b>-</b>    | <b>-</b>          | <b>4.24</b> |

## ii. Trade Receivables -Current

(a) Ageing schedule of trade receivables as on 31st March 2023 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) | -                   | 250.72                                                       | 241.63            | -           | 0.44        | -                 | 492.80 |
| <b>Towards Sale of Goods</b>      |                     |                                                              |                   |             |             |                   |        |
| (a) Considered Good Secured       | -                   | 10.81                                                        | -                 | -           | 0.00        | -                 | 10.81  |



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

₹ in Crores

| 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) Considered Good Unsecured                      | -                   | -                                                            | -                 | -           | -           | -                 | -             |
| (c) which have significant increase in credit risk | -                   | -                                                            | -                 | -           | -           | -                 | -             |
| (d) Credit Impaired-Disputed                       | -                   | 0.58                                                         | 0.70              | -           | -           | 3.10              | 4.38          |
|                                                    | -                   | 11.39                                                        | 0.70              | -           | 0.00        | 3.10              | 15.19         |
| Less: Expected Credit Loss Allowance               | -                   | -0.58                                                        | -0.70             | -           | -           | (3.10)            | (4.38)        |
| (B)                                                | -                   | 10.81                                                        | -                 | -           | 0.00        | -                 | 10.81         |
| <b>Total (A+B)</b>                                 | -                   | <b>261.53</b>                                                | <b>241.63</b>     | -           | <b>0.44</b> | -                 | <b>503.61</b> |

\* Date of Transaction is considered as due date of payments

(b) 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>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**

₹ in Crores

**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                                | 5.84              | 15.46                                                        | 1.22        | 1.70        | 0.36              | 24.57         |
| ii) Outstanding dues of creditors other than Micro Enterprises and Small Enterprises          | 2.78              | 267.78                                                       | 0.71        | 0.39        | 2.93              | 274.57        |
| iii) Disputed outstanding dues of Micro Enterprises and Small Enterprises                     | -                 | -                                                            | -           | -           | -                 | -             |
| iv) Disputed outstanding dues of creditors other than Micro Enterprises and Small Enterprises | -                 | -                                                            | -           | -           | -                 | -             |
| <b>Total</b>                                                                                  | <b>8.62</b>       | <b>283.24</b>                                                | <b>1.92</b> | <b>2.09</b> | <b>3.29</b>       | <b>299.16</b> |

\*Date of transaction is considered as due date of payment.

(b) 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

₹ in Crores

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, 2023 | March 31, 2022 |
|---------------------------|----------------|----------------|
|                           | Quantity MT    | Quantity MT    |
| Ammonia                   | 346,500        | 346,500        |
| Urea                      | 486,750        | 486,750        |
| NPK                       | 280,000        | 280,000        |
| Bio fertilizers           | 400            | 400            |

| (b) Production  | March 31, 2023 | March 31, 2022 |
|-----------------|----------------|----------------|
|                 | Quantity MT    | Quantity MT    |
| Ammonia         | 298,046        | 295,171        |
| Neem-Urea       | 519,800        | 503,900        |
| NPK 17-17-17    |                | 24,125         |
| NP 20-20-0      | 7,507          |                |
| Bio fertilizers | 22.56          | 169.00         |

| (c) Purchase of Stock in Trade : | March 31, 2023 |                    | March 31, 2022 |                    |
|----------------------------------|----------------|--------------------|----------------|--------------------|
|                                  | Quantity MT    | Amount (Rs. In Cr) | Quantity MT    | Amount (Rs. In Cr) |
| Agro chemicals                   |                | 4.58               |                | 2.46               |
| Organic manure                   | 7,836          | 2.42               | 6,832          | 2.09               |
| City compost                     | 9,608          | 2.53               | 10,634         | 2.68               |
|                                  | <b>17,444</b>  | <b>9.53</b>        | <b>17,466</b>  | <b>7.23</b>        |

| (d) Gross sales             | March 31, 2023 |                    | March 31, 2022 |                    |
|-----------------------------|----------------|--------------------|----------------|--------------------|
|                             | Quantity MT    | Amount (Rs. In Cr) | Quantity MT    | Amount (Rs. In Cr) |
| <b>Manufactured product</b> |                |                    |                |                    |
| Neem Urea                   | 529,879        | 277.80             | 504,559        | 267.05             |
| NPK 17-17-17                |                |                    | 26,253         | 61.20              |
| NP 20-20-0                  | 7,504          | 16.19              |                |                    |
| Carbon-di-oxide *           | -              | -                  | -              | -                  |
| Bio Fertilizers             | 23             | 0.07               | 169            | 0.53               |
| <b>Bought Fertilizers</b>   |                |                    |                |                    |
| Agro chemicals              |                | 6.50               |                | 3.75               |
| Organic manure              | 7,836          | 3.62               | 6,832          | 3.11               |
| City compost                | 9,608          | 3.60               | 10,634         | 2.97               |
|                             | <b>554,850</b> | <b>307.78</b>      | <b>548,447</b> | <b>338.61</b>      |

\* By Product

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS**

₹ in Crores

|                           | March 31, 2023 |                       | March 31, 2022 |                       |
|---------------------------|----------------|-----------------------|----------------|-----------------------|
|                           | Quantity MT    | Amount<br>(Rs. In Cr) | Quantity MT    | Amount<br>(Rs. In Cr) |
| <b>(e) Stocks</b>         |                |                       |                |                       |
| <b>(i) Opening stock</b>  |                |                       |                |                       |
| (a) Finished product      |                |                       |                |                       |
| Neem Urea                 | 2,819          | 12.12                 | 6,519          | 17.34                 |
| NPK 17-17-17              | 196            | 0.70                  | 2,349          | 6.56                  |
| NPK 20-20-0-13            | -              | -                     | -              | -                     |
| Bio Fertilizers           | -              | -                     | -              | -                     |
| (b) Work in progress      |                |                       |                |                       |
| Manufactured products     |                |                       |                |                       |
| Ammonia                   | 8,442          | 54.66                 | 8,371          | 32.59                 |
| Urea-bulk                 | 18,013         | 75.34                 | 15,890         | 40.17                 |
|                           | <b>29,470</b>  | <b>142.82</b>         | <b>33,129</b>  | <b>96.66</b>          |
| <b>(ii) Closing stock</b> |                |                       |                |                       |
| (a) Finished product      |                |                       |                |                       |
| Manufactured products     |                |                       |                |                       |
| Neem Urea                 | 2,691          | 14.24                 | 2,819          | 12.12                 |
| NPK 17-17-17              | 196            | 0.70                  | 196            | 0.70                  |
| Bio Fertilizers           | -              | -                     | -              | -                     |
| (b) Work in progress      |                |                       |                |                       |
| Manufactured products     |                |                       |                |                       |
| Ammonia                   | 4,799          | 40.08                 | 8,442          | 54.66                 |
| Urea-bulk                 | 7,587          | 39.39                 | 18,013         | 75.34                 |
|                           | <b>75,63</b>   | <b>55.01</b>          | <b>29,470</b>  | <b>142.82</b>         |
| <b>(c) Stock losses</b>   |                |                       |                |                       |
| Neem Urea                 | 474            | -                     | 917            | -                     |
| NPK 17-17-17              | 2              | -                     | 25             | -                     |

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS**

| Particulars                                  | March 31, 2023 |                | March 31, 2022 |                |
|----------------------------------------------|----------------|----------------|----------------|----------------|
|                                              | %              | Amount         | %              | Amount         |
| <b>Indigenous</b>                            |                |                |                |                |
| RLNG/ Naphtha                                |                | 2462.68        |                | 1443.72        |
| <b>Others</b>                                |                | 3.36           |                | 2.80           |
| <b>Total ( %)</b>                            | <b>99</b>      | <b>2466.04</b> | <b>84</b>      | <b>1446.52</b> |
| <b>Imported</b>                              |                |                |                |                |
| Urea                                         |                | 5.65           |                | 14.73          |
| Potash                                       |                |                |                | 16.75          |
| Phosphoric Acid                              |                | 14.61          |                | 26.07          |
| <b>Total ( %)</b>                            | <b>1</b>       | <b>20.26</b>   | <b>16</b>      | <b>57.55</b>   |
|                                              | <b>100</b>     | <b>2486.30</b> | <b>100</b>     | <b>1504.07</b> |
| <b>Components and Spares</b>                 |                |                |                |                |
| Imported ( %)                                | 17             | 3.68           | 12             | 2.51           |
| Indigenous ( %)                              | 83             | 18.44          | 88             | 17.91          |
|                                              | <b>100</b>     | <b>22.12</b>   | <b>100</b>     | <b>20.42</b>   |
| <b>CIF value of imports</b>                  |                |                |                |                |
| Raw materials                                |                |                |                | 45.63          |
| Components and spares                        |                | 5.49           |                | 4.97           |
|                                              |                | <b>5.49</b>    |                | <b>50.60</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

(C). Analytical Ratios in accordance with the Schedule III of the Companies Act,2013:

| Sl. No | Particulars                                        | Numerator                                      | Denominator                              | As at March 31st |         | Variance (in %) | Reason for Variance                                                                                                  |
|--------|----------------------------------------------------|------------------------------------------------|------------------------------------------|------------------|---------|-----------------|----------------------------------------------------------------------------------------------------------------------|
|        |                                                    |                                                |                                          | 2023             | 2022    |                 |                                                                                                                      |
| a.     | Current Ratio (in times)                           | Current Assets                                 | Current Liabilities                      | 0.63             | 0.61    | 3.84%           | 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                     | -5.20            | -3.43   | 51.74%          | 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)                         | 10.69            | 6.06    | 76.48%          | 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    | -46.77%          | -26.99% | 73.30%          | 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                        | 1.19             | 1.24    | -3.74%          |                                                                                                                      |
| f.     | <b>Trade Receivables Turnover Ratio (in times)</b> |                                                |                                          |                  |         |                 |                                                                                                                      |
|        | -Towards Sale of Goods                             | Net Credit Sales                               | Average Trade Receivables -Sale of Goods | 0.83             | 56.72   | -98.54%         | Decrease in Credit Sales.                                                                                            |
|        | -Towards Subsidy                                   | Revenue from Operations-Subsidy Income         | Average Trade Receivables-Subsidy        | 4.27             | 3.15    | 35.63%          |                                                                                                                      |
| g.     | Trade Payables Turnover Ratio (in times)           | Net Credit Purchase                            | Average Trade Payables                   | 8.09             | 6.44    | 25.69%          |                                                                                                                      |
| h.     | Net Capital Turnover Ratio ( in times)             | Revenue from Operations                        | Working Capital                          | -4.66            | -2.51   | 85.60%          | Due to blockage of funds in current assets and dependence on bank borrowings                                         |
| i.     | Net Profit Ratio (%)                               | Net profit after taxes                         | Revenue from Operations                  | 5.38%            | 7.04%   | -23.63%         | 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)                     | 20.45%           | 20.32%  | 0.62%           |                                                                                                                      |
| k.     | Return on Investments (ROI) (%) -Unquoted          | Income generated from Investments              | Average Investments                      | 26016%           | 19307%  | 34.75%          |                                                                                                                      |

(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

Note: \* Total expenditure - Other expenditure - Marketing cost ( Transportation, Secondary freight & WH Rent)



## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

### Note No.30: Other Notes forming part of Standalone financial statements

#### 1. Capital Commitment and Contingent/Disputed Liability

(₹ Cr)

| S.No | Particulars                                                                                                | As on March 31, |        |
|------|------------------------------------------------------------------------------------------------------------|-----------------|--------|
|      |                                                                                                            | 2023            | 2022   |
| A.   | Estimated amount of the Contracts to be executed on Capital Account and not provided for (Net of Advances) | 4.14            | 12.63  |
| B.   | Contingent Liabilities not provided for:                                                                   |                 |        |
|      | (a) In respect of - Letters of Credit and Bank Guarantees etc.,                                            | 115.01          | 277.36 |
|      | Claims against the Company not acknowledged as debt*                                                       | 105.32          | 100.96 |
| C.   | Penal Interest on GOI Loans that demand may arise#                                                         | 311.40          | 275.35 |

\*Claims against the company not acknowledged as debt include following:

- The Company has withheld payments due to M/s Sri Krishna Lorry Service (SKLS) for non-supply of trucks. SKLS invoked arbitration proceeding and got an award in their favour for a sum of ₹1.96 Cr and interest @ 18% from the date of the award. The company has filed a petition against this said award before the Hon'ble Madras High Court and the matter is pending for adjudication. As per Arbitration award, the probable outflow to the company as at 31st March, 2023 works out to ₹ 6.33 Cr inclusive of interest of ₹4.37Cr (PY – M5.97Cr includes interest component of ₹4.01Cr).
- The Company suspended the supply of Carbon di-oxide (CO<sub>2</sub>) to SICGIL India Limited, (SICGIL) since they defaulted in its payments as per the terms of the contract. SICGIL invoked arbitration proceedings and got an award in their favour for ₹3.25 Cr after adjusting the amount due to the Company of ₹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 an appeal against the said award before Hon'ble Madras High Court, which got dismissed on 09.08.2021. The company had preferred an appeal before the Divisional Bench of the Hon'ble Madras High Court and the matter is pending for final disposal by divisional bench. As per Arbitration award, the probable outflow till 31st March, 2023 works out to ₹6.87 Cr inclusive of interest of ₹3.53Cr (PY-₹6.44 Cr inclusive of interest of ₹3.10 Cr).
- M/s Davey Products a contractor for undertaking supply, erection and commissioning of RO Plant has invoked the arbitration proceedings and has been awarded work for ₹4.380Cr to be paid by the company. After netting of ₹ 3.87Cr being the payment effected by the company to said contractor and the balance of ₹ 1.51 Cr together with the Interest of 18% payable in terms of the award and amounting to Rs. 1.33Cr is considered as a contingent Liability.
- 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 from 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 – ₹2.85Cr) 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.



## NOTES TO STANDALONE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED MARCH 31, 2023

- e. 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 employees have gone to labour court for enhanced gratuity amounting to ₹ 5.70 Cr (PY – ₹ 5.70 Cr) for the period from 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.
- f. 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/-.
- g. In respect of Tax deducted at source (TDS), department has raised a demand due to short-deduction and/or short payment of ₹0.30Cr(PY- ₹0.30 Cr), for which the company is in the process of rectification.
- h. ESI Authorities raised Demand Notice of
- ₹0.62Cr(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.
  - ₹0.12Cr (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.
- i. 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)alongwith 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.
- j. 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-₹0.31 Cr)and interest of ₹0.09 Cr(PY – ₹0.09 Cr) 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.
- k. 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-₹5.11 Cr). The case is pending before the Court.
- l. Assistant Commissioner of Central Tax, West Division has issued a show-cause notice to the Regional Office in Bengaluru for excess availment of input tax credit for the period April-21 to September-21 amounting to Rs.1.11 cr. The Company is contesting the said demand.
- m. 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-₹65.86 Cr) 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.



## NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

- n. National Green Tribunal has “Suo Moto” filed an application based on the News item in New Indian Express Chennai edition dated May 16, 2020 and the Tamil Nadu Pollution Control Board imposed compensation of ₹ 0.96 Cr for which the Company has filed objection and the case is still pending.
- o. 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 non-acceptance of revival package submitted by the Company, the Company is under obligation to pay penal interest of 2.75% p.a amounting to ₹ 311.40 Cr for the current year (PY – ₹275.35 Cr).
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 be received.

### 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:

(₹Cr)

| Particulars    | Principal     | Interest Accrued and Due | Total          |
|----------------|---------------|--------------------------|----------------|
| Revamp loans   | 122.30        | 168.08                   | 290.38         |
| Plan loans     | 402.28        | 612.83                   | 1015.11        |
| Non plan loans | 20.77         | 40.07                    | 60.84          |
| <b>Total</b>   | <b>545.35</b> | <b>820.98</b>            | <b>1366.33</b> |

- a. Interest Accrued but not due on GOI Loans amounted to ₹15.55 Cr and the same is classified under Other Financial Liabilities.
- b. Interest on loan from GOI for FY 2022-23 amounted to ₹54.58 Cr
5. During the year, company has formed an internal committee for carrying out the physical verification of Property Plant & Equipment (PPE). Based on the recommendation of committee, the company has written off salvage value of Furniture amounting to ₹34/- from PPE

**NOTES TO STANDALONE FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31, 2023****6. Impairment of assets**

A detailed valuation has been done by Chartered Engineer and valuer. As per his report no adjustment towards impairment loss is considered necessary by the Company as on 31.03.2023. Net selling price of the major Plant and Equipment has been assessed against the book value on that date is detailed below:

(₹ Cr)

| Plant     | As on March 31,2023 |            | As on March 31,2022 |            |
|-----------|---------------------|------------|---------------------|------------|
|           | Net selling price   | Book Value | Net selling price   | Book Value |
| Ammonia   | 315.60              | 144.24     | 340.91              | 140.58     |
| Urea      | 74.32               | 21.87      | 83.00               | 22.78      |
| NPK       | 2.93                | 0.92       | 3.63                | 0.99       |
| Utilities | 26.81               | 9.35       | 33.16               | 9.46       |

**7. Inventories**

As per Ind AS-2, 'Valuation of Inventories', raw materials and other supplies used in the production of inventories are not written down below the 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 following inventories are valued at net realizable value as at the year end, and the impact on the Statement of Profit and Loss for the year is as under:

(₹ Cr)

| Category                 | As on March 31,2023 | As on March 31,2022 |
|--------------------------|---------------------|---------------------|
| <b>Finished Products</b> |                     |                     |
| Urea                     |                     |                     |
| @ Plant                  | -                   | 1.12                |
| @ Warehouse              | -                   | 0.37                |
| NPK 17-17-17             |                     |                     |
| @ 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>        |

The eligible subsidy claim realisable and calculated as per the policy parameters laid down by Fertilizer Industry Coordination Committee (FICC) is considered as a part of net realizable value (NRV) and accordingly reckoned for the valuation of finished goods of Urea, in accordance with accounting policy followed by the company.

8. Exchange rate fluctuation included in other expenditure is Nil (PY ₹1.68 Cr)
9. During the year 2021-22, 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%

**NOTES TO STANDALONE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED MARCH 31, 2023

(Income tax 22%+Surcharge 10% + Health & Higher Education Cess 4%) rate of corporate tax in its accounts from the said year. Accordingly, the company has considered the said rate for the tax expenses for the year and has measured its deferred tax assets/ liabilities on the basis of the above option.

**Current Tax** (₹ Cr)

| Particulars                       | As at March 31 |               |
|-----------------------------------|----------------|---------------|
|                                   | 2023           | 2022          |
| Profit before Tax                 | 248.66         | 166.34        |
| Applicable Tax Rate               | 25.17%         | 25.17%        |
| Computed Tax Expenses             | 62.54          | 41.96         |
| <b>Tax Effect of :</b>            |                |               |
| Income not subject to tax         | (0.35)         | (2.86)        |
| Expenses Disallowed               | 7.07           | (1.69)        |
| Expenses allowed on payment basis | (7.04)         | 0.90          |
| Carried Forward Losses Utilised   | -              | (38.31)       |
| Depreciation admissible           | (4.22)         |               |
| <b>Current Tax Expense(A)</b>     | <b>58.00</b>   | <b>(0.00)</b> |

**Status of Income Tax Refund Due and the adjustments thereof:**

- The Income Tax Dept has adjusted the refund due to the company upto the financial year ending 31st March 2021 and amounting to ₹3.71 Cr against the demand in full for financial year 2013-14.
- Income Tax refund due to the company is included in 'Other Financial Assets (Non-Current)' and amounting to ₹1.02 Cr pertains to financial year 2021-22.

**Movement in Deferred Tax Liability / (Asset) during the year:** (₹ Cr)

| Particulars                                     | Opening Balance<br>01.04.2022 | Recognized in<br>P&L | Recognized in<br>OCI | Closing Balance<br>31.03.2023 |
|-------------------------------------------------|-------------------------------|----------------------|----------------------|-------------------------------|
| <b>Deferred Tax Asset</b>                       |                               |                      |                      |                               |
| Expenditure allowable on payment basis          | 15.50                         | 0.13                 | 0.05                 | 15.32                         |
| Other timing differences                        | -                             | -                    | -                    | -                             |
| Unabsorbed tax losses                           | 0.08                          | 0.08                 | -                    | -                             |
| <b>Total</b>                                    | <b>15.58</b>                  | <b>0.21</b>          | <b>0.05</b>          | <b>15.32</b>                  |
| <b>Deferred Tax Liability</b>                   |                               |                      |                      |                               |
| Depreciation                                    | 20.99                         | 1.52                 | -                    | 22.51                         |
| Revaluation of FVTOCI Investments to Fair value | 19.63                         | 0.00                 | 54.69                | 74.31                         |
| Other timing differences                        | 0.12                          | (0.11)               | -                    | 0.01                          |
| <b>Total</b>                                    | <b>40.75</b>                  | <b>1.41</b>          | <b>54.69</b>         | <b>96.84</b>                  |
| <b>Net Deferred Tax Asset/(Liability)</b>       | <b>(25.17)</b>                | <b>1.62</b>          | <b>54.74</b>         | <b>(81.53)</b>                |

**NOTES TO STANDALONE FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31, 2023**

Deferred tax assets and liabilities have been offset wherever the company has a legally enforceable right to setoff 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.

10. In the opinion of the Management, the sum of ₹ 165.35 Cr being the input tax credit eligible and included under other current assets is eligible in full for the set-off against GST output liability arising out of sale of products in the future years. The management has made a provision of ₹ 1.77 Cr during the current financial year towards the probable ineligible GST ITC in books as a prudent measure. A sum of ₹ 46.56 Cr being the GST ITC which was written off in the financial year 2021-22 has been reversed and added to the provision retained for the probable ineligible GST input, resulting in the total provision retained for GST ITC being ₹ 48.33 Cr. The management is taking steps in undertaking the reconciliation which is an on-going process.
11. 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.

**12. 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                             | Up to 09.02.2023         |
| Shri Arvind Kumar                               | Director – GOI Nominee                             | 10.02.2023               |
| Shri Mohammad BagherDakhili                     | Director – NICO Nominee                            | 18.02.2017               |
| Mrs.SamiehKokabi                                | Director - NICO Nominee                            | 10.02.2021               |
| Shri BabakBagherpour                            | Director - NICO Nominee                            | 22.10.2018               |
| Shri Harsh Malhotra                             | Director – Technical                               | 22.07.2019 to 30.04.2023 |
| Shri NalabothuVenkataRao                        | Independent Director                               | 05.11.2021               |
| Dr C R Jayanthi                                 | Independent Director                               | 28.12.2021               |
| Shri Sanjay Shetye                              | Independent Director                               | 31.12.2021               |
| Shri PriyaRanjan Panda                          | General Manager Finance (a/c)                      | 01.07.2020               |
| Shri PriyaRanjan Panda                          | Company Secretary & Compliance Officer (In charge) | 14.09.2021 to 17.07.2022 |
| Shri Ram Ganesh R                               | Company Secretary                                  | 18.07.2022               |
| MFL Employees Contributory Provident Fund Trust | Employee benefit trusts managed by MFL             | 01.04.1967               |

**NOTES TO STANDALONE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED MARCH 31, 2023

**b. Transaction with Key Management Personnel:**

(₹ Cr)

| Particulars                  | For the year ended 31 March,2023 | For the year ended 31 March,2022 |
|------------------------------|----------------------------------|----------------------------------|
| Short-term employee benefits | 1.27                             | 1.15                             |
| Post-employment benefits     | 0.28                             | 0.24                             |
| Compensated absences         | -                                | -                                |
| Other long-term benefits     | -                                | -                                |
| Total Compensation           | 1.55                             | 1.39                             |

**c. Related party transactions other than those with key management personnel:**

(₹ Cr)

| Particulars                         | For the year ended 31 March,2023 | For the year ended 31 March,2022 |
|-------------------------------------|----------------------------------|----------------------------------|
| <b>Transaction During the Year</b>  |                                  |                                  |
| <b>Contributions</b>                |                                  |                                  |
| MFL Employees Contributory PF Trust | 5.75                             | 5.76                             |

**a. Entities under the control of same government:**

Government of India (GOI) as on 31st March 2023 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:

(₹ Cr)

| Particulars                                        | For the year ended 31 March,2023 | For the year ended 31 March,2022 |
|----------------------------------------------------|----------------------------------|----------------------------------|
| <b>Transaction During the Year</b>                 |                                  |                                  |
| <b>Purchase and payment for goods and services</b> |                                  |                                  |
| Indian Oil Corporation Limited                     | 1855.79                          | 1,477.15                         |
| Chennai Petroleum Corporation Limited              |                                  |                                  |
| – Deposit for Purchase of Hydrogen                 | -                                | 0.12                             |
| – Purchase of Hydrogen                             | -                                | 0.01                             |
| – Naphtha Sales                                    | -                                | 14.50                            |

**NOTES TO STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2023**

| <b>Leases</b>                                  |        |        |
|------------------------------------------------|--------|--------|
| Chennai Petroleum Corporation Limited          |        |        |
| - Lease Rental Income                          | 3.29   | 6.21   |
| - Security deposit received towards Lease      | -      | 1.21   |
| <b>Outstanding Balances as at the year end</b> |        |        |
| Chennai Petroleum Corporation Limited          |        |        |
| - Receivables                                  | 3.72   | 22.89  |
| -Deposit for purchase of Hydrogen              | -      | 0.42   |
| -Security deposit received towards lease       | 4.01   | 4.01   |
| Indian Oil Corporation Limited-Payable         | 235.70 | 251.42 |

**13. Leases****a. Operating Leases:****i. As a Lessee:**

As on March 31, 2023, the Company has only one lease contract for land for a period of 5 years, expiring on 30.06.2023.

**Movement of Lease Liabilities :**

| <b>Particulars</b>                     | <b>(₹ Cr)</b>  |                |
|----------------------------------------|----------------|----------------|
|                                        | <b>2022-23</b> | <b>2021-22</b> |
| Opening Lease Liabilities              | 1.13           | 2.20           |
| Additions                              | -              | -              |
| Finance cost accrued during the period | 0.03           | 0.16           |
| Payments of Lease Liabilities          | (1.14)         | (1.23)         |
| <b>Closing Lease Liabilities</b>       | <b>0.02</b>    | <b>1.13</b>    |

The details of the contractual maturities of lease liabilities as at March 31, 2023 & 2022 on an undiscounted basis are as follows:

The Company also has certain leases with lease terms of 12 months or less and leases with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Rental expenses recorded for short-term leases were ₹0.16Cr for the year ended March 31, 2023 (PY ₹ 0.17Cr).

| <b>Particulars</b>                                                     | <b>(₹ Cr)</b>         |                       |
|------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                        | <b>March 31, 2023</b> | <b>March 31, 2022</b> |
| Expense relating to short-term leases                                  | 1.54                  | 0.39                  |
| Total Lease Payments not considered as Lease payments under Ind AS 116 | 1.54                  | 0.39                  |

**NOTES TO STANDALONE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED MARCH 31, 2023

**ii. As a Lessor:**

Rental income on operating leases of the space rented out to CPCL is included under 'Rent' in 'Other Income'. The future lease rent receivable over the remaining contract period for each of the following periods is:

(₹ Cr)

| Particulars                | March 31,2023 | March 31,2022 |
|----------------------------|---------------|---------------|
| Less than one year         | 3.71          | 3.37          |
| Between one and five years | 19.16         | 17.05         |
| More than five years       | -             | 1.81          |

**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                                      |
| Open Space                | Chennai Port Trust                    | 5 years                  | Approx. 5% escalated every year                     |

14. Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB) have allotted 43.13 acres of land for a lease period of 33 years at Kodungaiyur for TTP Plant in the year 1989 which got expired in May 2022.

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 for another 33 years. The Negotiation is going on and is yet to be finalized.

**15. 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, 2023 | March 31, 2022 |
|-------------------------------------------------------------------|----------------|----------------|
| Rental Income                                                     | 4.64           | 6.73           |
| Direct proportionate operating expenses relating to rental income | 0.00           | 0.00           |
| Depreciation                                                      | 0.01           | 0.01           |

**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 STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2023**

(₹Cr)

| Particulars                    | March 31,2023 | March31,2022 |
|--------------------------------|---------------|--------------|
| Vijayawada Bio Building        | 0.18          | 0.16         |
| Vijayawada Bio Land            | 5.50          | 5.26         |
| Land Rented to CPCL            | -             | -            |
| Surplus Land at Manali         | 849.42        | 276.34       |
| Vacant Land in Manali New Town | 19.38         | 12.98        |
| Vacant Land in Gujarat         | 0.05          | 0.05         |
| Vacant Land in Guindy          | 65.33         | 43.77        |

16. 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/- (valued at cost price), whose fair value as on the March 31,2023 is ₹ 65.08 Cr.

For the remaining 65.02 acres of surplus land, the company has made communication to all the PSUs and Government of Tamil Nadu, 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 310th 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.

**17. 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.

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.



## NOTES TO STANDALONE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED MARCH 31, 2023

This defined benefit plan exposes the Company to actuarial risks, such as longevity 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.

(₹ Cr)

| Particulars                            | Defined benefit Obligations |              | Fair value of plan asset |              | Net defined benefit (asset) liability |              |
|----------------------------------------|-----------------------------|--------------|--------------------------|--------------|---------------------------------------|--------------|
|                                        | 2023                        | 2022         | 2023                     | 2022         | 2023                                  | 2022         |
| <b>Gratuity</b>                        |                             |              |                          |              |                                       |              |
| <b>Balance as at April 1</b>           | 48.60                       | 49.09        | 13.69                    | 17.06        | 34.91                                 | 32.03        |
| <b>Included in profit and loss</b>     |                             |              |                          |              |                                       |              |
| Current service cost                   | 1.72                        | 1.81         | -                        | -            | 1.72                                  | 1.81         |
| Interest cost                          | 3.15                        | 3.37         | -                        | -            | 3.15                                  | 3.37         |
| Interest income                        | -                           | -            | 0.89                     | 1.07         | (0.89)                                | (1.07)       |
| Benefits paid                          | (7.34)                      | (4.36)       | (7.34)                   | (4.36)       | -                                     | -            |
| Contributions made                     | -                           | -            | 5.30                     | 0.14         | (5.30)                                | (0.14)       |
| <b>Included in OCI</b>                 |                             |              |                          |              |                                       |              |
| Net actuarial (gain)/loss and interest | (1.15)                      | (1.31)       | 0.12                     | (0.22)       | (1.27)                                | (1.09)       |
| <b>Balance at March 31</b>             | <b>44.98</b>                | <b>48.60</b> | <b>12.66</b>             | <b>13.69</b> | <b>32.32</b>                          | <b>34.91</b> |
| <b>Earned leave encashment</b>         |                             |              |                          |              |                                       |              |
| <b>Balance as at April 1</b>           | 16.86                       | 14.89        | -                        | -            | 16.86                                 | 14.89        |
| <b>Included in profit and loss</b>     |                             |              |                          |              |                                       |              |
| Current service cost                   | 2.40                        | 2.36         | -                        | -            | 2.40                                  | 2.36         |
| Interest cost                          | 1.05                        | 0.98         | -                        | -            | 1.05                                  | 0.98         |
| Interest income                        | -                           | -            | -                        | -            | -                                     | -            |
| Benefits paid                          | (3.74)                      | (1.87)       | -                        | -            | (3.74)                                | (1.87)       |
| <b>Included in OCI</b>                 |                             |              |                          |              |                                       |              |
| Net actuarial (gain)/loss and interest | 0.52                        | 0.50         | -                        | -            | 0.52                                  | 0.50         |
| <b>Balance at March 31</b>             | <b>17.09</b>                | <b>16.86</b> | <b>-</b>                 | <b>-</b>     | <b>17.09</b>                          | <b>16.86</b> |



## NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

(₹Cr)

| Particulars                             | Defined benefit Obligations |             | Fair value of plan asset |          | Net defined benefit (asset) liability |             |
|-----------------------------------------|-----------------------------|-------------|--------------------------|----------|---------------------------------------|-------------|
|                                         | 2023                        | 2022        | 2023                     | 2022     | 2023                                  | 2022        |
| <b>Post-retirement medical benefits</b> |                             |             |                          |          |                                       |             |
| <b>Balance as at April 1</b>            | 1.70                        | 2.19        | -                        | -        | 1.70                                  | 2.19        |
| <b>Included in profit and loss</b>      |                             |             |                          |          |                                       |             |
| Current service cost                    | 0.03                        | 0.04        | -                        | -        | 0.03                                  | 0.04        |
| Interest cost                           | 0.13                        | 0.16        | -                        | -        | 0.13                                  | 0.16        |
| Interest income                         | -                           | -           | -                        | -        | -                                     | -           |
| Benefits paid                           | -                           | -           | -                        | -        | -                                     | -           |
| <b>Included in OCI</b>                  |                             |             |                          |          |                                       |             |
| Net actuarial (gain)/loss and interest  | (0.56)                      | (0.69)      | -                        | -        | (0.56)                                | (0.69)      |
| <b>Balance at March 31</b>              | <b>1.30</b>                 | <b>1.70</b> | <b>-</b>                 | <b>-</b> | <b>1.30</b>                           | <b>1.70</b> |
| <b>Service award</b>                    |                             |             |                          |          |                                       |             |
| <b>Balance as at April 1</b>            | <b>0.73</b>                 | <b>0.59</b> | <b>-</b>                 | <b>-</b> | <b>0.73</b>                           | <b>0.59</b> |
| <b>Included in profit and loss</b>      |                             |             |                          |          |                                       |             |
| Current service cost                    | 0.06                        | 0.06        | -                        | -        | 0.06                                  | 0.06        |
| Interest cost                           | 0.05                        | 0.04        | -                        | -        | 0.05                                  | 0.04        |
| Interest income                         | -                           | -           | -                        | -        | -                                     | -           |
| Benefits paid                           | -                           | -           | -                        | -        | -                                     | -           |
| <b>Included in OCI</b>                  |                             |             |                          |          |                                       |             |
| Net actuarial (gain)/loss and interest  | (0.14)                      | 0.04        | -                        | -        | (0.14)                                | 0.04        |
| <b>Balance at March 31</b>              | <b>0.70</b>                 | <b>0.73</b> | <b>-</b>                 | <b>-</b> | <b>0.70</b>                           | <b>0.73</b> |

| Particulars                        | March 31, 2023 | March 31, 2022 |
|------------------------------------|----------------|----------------|
| <b>Represented by:</b>             |                |                |
| Net defined benefit liability      |                |                |
| - Gratuity                         | 32.32          | 34.91          |
| - Earned leave encashment          | 17.09          | 16.86          |
| - Post-retirement medical benefits | 1.30           | 1.70           |
| - Service award                    | 0.70           | 0.73           |



## NOTES TO STANDALONE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED MARCH 31, 2023

#### I. Plan Asset

Plan assets comprises the followings:

(₹ Cr)

| Particulars       | March 31,2023 | March 31,2022 |
|-------------------|---------------|---------------|
| Equity securities | 30%           | 30%           |
| Government bonds  | 70%           | 70%           |

#### II. Actuarial Assumptions

The following are the principal actuarial assumptions for the gratuity plan at the reporting date:

(₹ Cr)

| Particulars                             | March 31,2023    | March 31,2022    |
|-----------------------------------------|------------------|------------------|
| Discount rate per annum                 | 7.50%            | 7.00%            |
| 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 date:

| Particulars                         | Earned leave encashment |                  | Post -Retirement medical benefits |                  | Service award    |                  |
|-------------------------------------|-------------------------|------------------|-----------------------------------|------------------|------------------|------------------|
|                                     | March 31,               |                  | March 31,                         |                  | March 31,        |                  |
|                                     | 2023                    | 2022             | 2023                              | 2022             | 2023             | 2022             |
| 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               |                                   |                  | NA               | NA               |
| Discount rate                       | 7.50%                   | 7.00%            | 7.50%                             | 7.00%            | 7.50%            | 7.00%            |
| 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.

**NOTES TO STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2023****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: (₹Cr)

| Particulars                              | March 31,2023 |          | March 31,2022 |          |
|------------------------------------------|---------------|----------|---------------|----------|
|                                          | Increase      | Decrease | Increase      | Decrease |
| <b>Gratuity</b>                          |               |          |               |          |
| Discount rate (+/- 100 BP)               | 43.45         | 46.64    | 46.86         | 50.48    |
| Salary escalation per annum (+/- 100 BP) | 45.94         | 44.00    | 49.71         | 47.54    |
| Mortality (+/- 10%)                      | 44.99         | 44.99    | 48.61         | 48.61    |
| Attrition rate (+/- 100BP)               | 45.16         | 44.79    | 48.77         | 48.41    |
| <b>Earned leave encashment</b>           |               |          |               |          |
| Discount rate (+/- 100 BP)               | 16.26         | 18.01    | 16.01         | 17.80    |
| Salary escalation per annum (+/- 100 BP) | 17.98         | 16.27    | 17.77         | 16.02    |
| Mortality (+/- 10%)                      | 17.10         | 17.10    | 16.87         | 16.87    |
| Attrition rate (+/- 100BP)               | 17.16         | 17.02    | 16.91         | 16.81    |
| <b>Post-Retirement medical benefits</b>  |               |          |               |          |
| Discount rate (+/- 100 BP)               | 1.22          | 1.38     | 1.63          | 1.77     |
| Salary escalation per annum (+/- 100 BP) | -             | -        | -             | -        |
| Mortality (+/- 10%)                      | 1.30          | 1.30     | 1.70          | 1.70     |
| Attrition rate (+/- 100BP)               | 1.31          | 1.30     | 1.70          | 1.70     |
| <b>Service award</b>                     |               |          |               |          |
| Discount rate (+/- 100 BP)               | 0.70          | 0.71     | 0.71          | 0.75     |
| Salary escalation per annum (+/- 100 BP) | -             | -        | -             | -        |
| Mortality (+/- 10%)                      | 0.70          | 0.70     | 0.73          | 0.73     |
| Attrition rate (+/- 100BP)               | 0.65          | 0.76     | 0.73          | 0.72     |

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.

**NOTES TO STANDALONE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED MARCH 31, 2023

Expected maturity analysis of the defined benefit plans in future years

(₹Cr)

| Particulars                         | Less than 1 year | Between 1-2 years | Between 2-5 years | Over 5 years | Total        |
|-------------------------------------|------------------|-------------------|-------------------|--------------|--------------|
| <b>31 March 2023</b>                |                  |                   |                   |              |              |
| - Gratuity                          | 7.57             | 7.02              | 16.71             | 13.68        | <b>44.98</b> |
| - Earned leave encashment           | 2.81             | 2.31              | 5.63              | 6.34         | <b>17.09</b> |
| - Post- retirement medical Benefits | 0.18             | 0.18              | 0.45              | 0.49         | <b>1.30</b>  |
| - Service award                     | 0.10             | 0.12              | 0.26              | 0.22         | <b>0.70</b>  |
| <b>Total</b>                        | <b>10.66</b>     | <b>9.63</b>       | <b>23.05</b>      | <b>20.73</b> | <b>64.07</b> |
| <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> |

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (31 March 2022: 10 years)

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 amount expended in respect of employer's contribution to the provident fund and superannuation fund during the year, are ₹ 5.85Cr (Previous year ₹ 5.76 Cr) and ₹ 7.09 Cr (Previous year ₹ 6.60 Cr) respectively.

18. 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.

**19. 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):

**NOTES TO STANDALONE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED MARCH 31, 2023

(₹ Cr)

| Financial Assets / Financial Liabilities                    | Fair value as at |                | Fair Value hierarchy | Valuation techniques & key inputs used |
|-------------------------------------------------------------|------------------|----------------|----------------------|----------------------------------------|
|                                                             | March 31, 2023   | March 31, 2022 |                      |                                        |
| <b>Investments in unquoted equity Instruments at FVTOCI</b> |                  |                |                      |                                        |
| Indian Potash Ltd                                           | 335.93           | 249.63         | Level-3              | Refer Note Below                       |
| Fortune Biotech P Ltd                                       | 1.06             | 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) for the year ended 31st March 2022.

**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.

(₹Cr)

| Description                                      | Fair value hierarchy | As at March 31, 2023 |            | As at March 31, 2022 |            |
|--------------------------------------------------|----------------------|----------------------|------------|----------------------|------------|
|                                                  |                      | Carrying Amount      | Fair Value | Carrying Amount      | Fair Value |
| <b>A. Financial Assets</b>                       |                      |                      |            |                      |            |
| Loans                                            | NA                   | 18.37                | 18.37      | 14.76                | 14.76      |
| Trade receivables                                | NA                   | 503.61               | 503.61     | 983.64               | 983.64     |
| Cash and cash equivalents                        | NA                   | 369.13               | 369.13     | 0.00                 | 0.00       |
| Bank Balances other than cash & cash equivalents | NA                   | 30.02                | 30.02      | 31.81                | 31.81      |
| Other financial assets                           | NA                   | 7.92                 | 7.92       | 28.00                | 28.00      |
| <b>B. Financial Liabilities</b>                  |                      |                      |            |                      |            |
| Borrowings                                       | NA                   | 1,494.07             | 1,494.07   | 1,734.90             | 1,734.90   |
| Trade payables                                   | NA                   | 299.16               | 299.16     | 308.74               | 308.74     |
| Lease Liabilities                                | NA                   | 0.02                 | 0.02       | 1.13                 | 1.13       |
| Other financial liabilities                      | NA                   | 132.55               | 132.55     | 137.20               | 137.20     |

- i. 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.



## NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

### Reconciliation of Level 3 fair value measurements

(₹ Cr)

| Description                                    | March 31, 2023 | March 31, 2022 |
|------------------------------------------------|----------------|----------------|
| Opening Balance                                | 250.50         | 202.75         |
| Add : Withdrawal of Provision Made             | 0.19           | 0.87           |
| Add - Fair value gain/(loss) recognized in OCI | 86.30          | 46.88          |
| Closing Balance                                | 336.99         | 250.50         |

### 20. 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.

#### Gearing Ratio:

(₹Cr)

| Particulars                           | March 31, 2023  | March 31, 2022  |
|---------------------------------------|-----------------|-----------------|
| Debt (Incl. Lease Liabilities)        | 1,494.07        | 1,736.03        |
| Less: Cash and bank balances          | 399.15          | 31.81           |
| <b>Net debt</b>                       | <b>1,094.94</b> | <b>1,704.22</b> |
| Total equity                          | (287.07)        | (505.39)        |
| <b>Net debt to total equity ratio</b> | -               | -               |

### 21. 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 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.



## NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

### 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 is amounting to ₹ 503.61 Cr as of March 31, 2023 (₹ 983.64 Cr as of March 31, 2022).

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, subject to approval of subsidy rate by Government of India. In the case of dealers, credit risk is being managed through credit approvals, establishing credit limits and monitoring the creditworthiness 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. There have been few cases of impairment historically for which the Company has made requisite provisions.

#### Investment in unquoted equity shares

The Company has investments in unquoted equity shares of Indian Potash Limited and Fortune Bio-Tech Limited. The Company does not expect any losses from non-performance by the investee companies and hence no impairment is recognized in the Statement of Profit and Loss.

#### 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.

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, 2023  | March 31, 2022  |
| Investments                                      | 336.99          | 250.50          |
| Loans                                            | 18.37           | 14.76           |
| Trade receivables                                | 503.61          | 983.64          |
| Cash and cash equivalents                        | 369.13          | 0.00            |
| Bank Balances other than cash & cash equivalents | 30.02           | 31.81           |
| Other financial assets                           | 7.92            | 28.00           |
| <b>Total</b>                                     | <b>1,266.04</b> | <b>1,308.71</b> |

**NOTES TO STANDALONE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED MARCH 31, 2023

**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 is very low. 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, 2023 | March 31, 2022 |
| <b>Trade Receivables(excluding subsidy from GOI)</b> |                |                |
| Opening Balance                                      | 4.38           | 4.44           |
| Movement in the expected credit loss allowance       | -              | (0.06)         |
| <b>Closing Balance</b>                               | <b>4.38</b>    | <b>4.38</b>    |
| <b>Investments</b>                                   |                |                |
| Opening Balance                                      | 0.38           | 1.25           |
| Movement in the expected credit loss allowance       | (0.19)         | (0.87)         |
| <b>Closing Balance</b>                               | <b>0.19</b>    | <b>0.38</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>    |

**b. 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.

**NOTES TO STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2023****Maturities of financial liabilities**

The following are the contractual maturities of non-derivative financial liabilities, based on contractual cash flows:  
(₹ Cr)

| March 31, 2023              |                 | 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                  | 1494.07         | 1494.07                | -         | -         | -         | -                 | 1,494.07        |
| Lease Liabilities           | 0.02            | 0.02                   | -         | -         | -         | -                 | 0.02            |
| Trade payables              | 299.16          | 299.16                 | -         | -         | -         | -                 | 299.16          |
| Other financial liabilities | 132.55          | 132.55                 | -         | -         | -         | -                 | 132.55          |
| <b>TOTAL</b>                | <b>1,925.80</b> | <b>1,925.80</b>        | <b>-</b>  | <b>-</b>  | <b>-</b>  | <b>-</b>          | <b>1,925.80</b> |

| 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 | 137.20          | 137.20                 | -           | -         | -         | -                 | 137.20          |
| <b>TOTAL</b>                | <b>2,181.97</b> | <b>2,173.00</b>        | <b>8.97</b> | <b>-</b>  | <b>-</b>  | <b>-</b>          | <b>2,181.97</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 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.

**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, 2023 | March 31, 2022 |
|----------------|----------------|----------------|
| Trade payables | -              | 5.66           |

**NOTES TO STANDALONE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED MARCH 31, 2023

**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 31,2023  |                      | As at March 31,2022  |                      |
|------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                                | Profit and loss      |                      | Profit and loss      |                      |
|                                                | Gain on appreciation | Loss on depreciation | Gain on appreciation | Loss on depreciation |
| 10% movement                                   |                      |                      |                      |                      |
| Trade payables denominated in foreign currency | -                    | -                    | (0.57)               | 0.57                 |

**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:

(₹ Cr)

| Particulars                   | March 31, 2023 | March 31, 2022 |
|-------------------------------|----------------|----------------|
| <b>Financial assets</b>       |                |                |
| <b>Fixed-rate instruments</b> |                |                |
| Employee loans                | 18.37          | 14.76          |
| <b>Financial liabilities</b>  |                |                |
| <b>Fixed-rate instruments</b> |                |                |
| GOI Term loan                 | 554.24         | 554.24         |
| Cash Credit from bank         | 118.84         | 251.99         |
| Covid-19 Term loan            | -              | 1.06           |
| Buyer's Credit                | -              | 161.20         |

**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 therefore, the Company is not exposed to equity price risks. However there can be changes in fair value of equity investments 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.

**NOTES TO STANDALONE FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31, 2023****Equity price sensitivity analysis**

A 5% change in the fair value of equity instruments held as at March 31, 2023 and March 31, 2022 would result in an increase/ decrease of ₹16.85 Cr and ₹12.52 Cr in fair value of the equity instrument respectively.

**22. Revenue from Contract with Customers:**

- The Company generates revenue primarily from manufacturing and trading of Fertilizers. The Company has recognized revenue by satisfying its performance obligations at a point of time basis.
- The revenue from contracts with customers to the amounts disclosed as total revenue are as under:

(₹ Cr)

| Particulars                    | For the year ended March 31, |          |
|--------------------------------|------------------------------|----------|
|                                | 2023                         | 2022     |
| Revenue from Sale of Products  | 307.79                       | 338.60   |
| Subsidy Income from Government | 3,139.30                     | 1,961.92 |
| Total                          | 3,447.09                     | 2,300.52 |

**c. Contract Assets and Liabilities:**

(₹ Cr)

| Particulars                  | As at March 31, |               |
|------------------------------|-----------------|---------------|
|                              | 2023            | 2022          |
| <b>Contract Assets:</b>      |                 |               |
| Trade Receivables            | 10.81           | 6.86          |
| Subsidy Receivables          | 492.80          | 976.78        |
| <b>Total</b>                 | <b>503.61</b>   | <b>983.64</b> |
| <b>Contract Liabilities:</b> |                 |               |
| Opening Balance              | 20.26           | 25.82         |
| Less: Revenue Recognised     | 20.26           | 25.82         |
| Add: Trade Advances          | 23.76           | 20.26         |
| <b>Closing Balance</b>       | <b>23.76</b>    | <b>20.26</b>  |

Contract Liabilities in the Balance Sheet constitutes advance payments and billings in excess of revenue recognized. 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.

**23. Subsidy under New Pricing Scheme (NPS) for Urea**

- Subsidy on Urea Sales for FY 2022-23 has been recognized at ₹ 3044.54 Cr in accordance with the policy parameters prescribed by Fertilizer Industry Coordination Committee(FICC) for escalation claim whereas subsidy for escalation claims provisionally approved by FICC amounts to ₹ 3105.97 Cr, the difference being an amount of ₹ 61.46 crores. The effect for the difference in the subsidy accounted will be considered as and when the final notification is received based on the escalation / de-escalation of claims for FY 2022-23 to be submitted by the Company.
- Freight subsidy of ₹ 70.58 Cr considered under Revenue from Operations includes a sum of ₹15.06 Cr relating to differential freight subsidy of earlier accounting years starting from FY 2016-17 for which notification was received during the FY 2022-23.



## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

24. 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 will be considered as income, only when final order is received by the company from the Dept. of Fertilizers, Government of India.

### 25. 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 allocates 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:

- Fertilizers (Urea and NPK);
- Other activities (Trading activities and Bio fertilizers);

However, since the revenue from other activities constitutes 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.

### 26. 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, 2023 as identified by the management and relied upon by the Auditors is provided below:

(₹ Cr)

| S.No | Particulars                                                                                                                                            | March 31, 2023 | March 31, 2022 |
|------|--------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| i.   | Dues outstanding more than 45 days                                                                                                                     | 16.79          | -              |
| ii.  | Amount remaining unpaid as at the end of the year<br>Principal Amount<br>Interest Amount                                                               | 24.57          | 11.26          |
| 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<br>As per the terms of the Contract<br>As specified in the Act        | -              | -              |
| v.   | The amount of interest accrued and remaining unpaid at the end of the year                                                                             | -              | -              |

**NOTES TO STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2023****27. Corporate Social Responsibility (u/s135 of Companies Act)****(₹ Cr)**

| Sl.No | Particulars                                                                                                                                                                          | March 31, 2023 | March 31, 2022 |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| 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    | 0.30           | Nil            |
| 2.    | Amount unspent/ (excess spent) carried forward from earlier years                                                                                                                    | (0.41)         | Nil            |
| 3.    | Amount actually spent during the year                                                                                                                                                | (0.12)         | 0.41           |
| 4.    | (Excess amount spent carried forward)/ Short fall                                                                                                                                    | (0.23)         | (0.41)         |
| 5.    | Reason for shortfall                                                                                                                                                                 | NA             | NA             |
| 6.    | Nature of CSR Activity                                                                                                                                                               |                |                |
|       | a. Oxygen Plant @ Govt. Stanley Medical College, Chennai                                                                                                                             | -              | 0.31           |
|       | b. Covid -19 Related Activities                                                                                                                                                      | -              |                |
|       | c. others                                                                                                                                                                            | 0.12           | 0.10           |
|       |                                                                                                                                                                                      | -              | -              |
| 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             |

28. 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 D.F, G.I for their consideration.

29. 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.

30. 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.

**31. 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 6th June, 2019 onwards. Accordingly, National Stock Exchange ("NSE") has levied a penalty of ₹ 1.03 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.

**NOTES TO STANDALONE FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31, 2023****32. 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.
- 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:

(₹ Cr)

| Quarter ended             | As per financials | As per returns filed with banks | Variation* |
|---------------------------|-------------------|---------------------------------|------------|
| <b>June 30, 2022</b>      |                   |                                 |            |
| Inventories               | 287.58            | 258.24                          | 29.34      |
| Trade receivables         | 628.50            | 538.15                          | 90.35      |
| Trade payables            | 386.29            | 372.31                          | 13.98      |
| <b>September 30, 2022</b> |                   |                                 |            |
| Inventories               | 249.73            | 233.80                          | 15.93      |
| Trade receivables         | 989.32            | 967.72                          | 21.60      |
| Trade payables            | 481.02            | 347.59                          | 133.43     |



## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

| <b>December 31, 2022</b> |        |        |          |
|--------------------------|--------|--------|----------|
| Inventories              | 222.34 | 220.17 | 2.17     |
| Trade receivables        | 731.98 | 786.07 | (54.09)  |
| Trade payables           | 417.71 | 453.11 | (35.40)  |
| <b>March 31, 2023</b>    |        |        |          |
| Inventories              | 225.84 | 218.04 | 7.80     |
| Trade receivables        | 503.61 | 708.61 | (205.00) |
| Trade payables           | 353.77 | 326.74 | 27.03    |

- 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.
- k. There is 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 transactions 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.
33. The Company is in the process of signing MOU with DOF for the FY 2023-24 and is yet to be signed.
34. 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.



## MADRAS FERTILIZERS LIMITED

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.

35. 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 Covid19 situation also. The Company expects to continue the normal operations and does not expect any impact of Covid19 in its operations which is evident from the fact that the production of Urea during the year 2022-23 is at 106.79% capacity with 5,19,800 MT of Urea production.
36. Amount in the standalone financial statements is presented in Cr (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, |           |
|-----------------------------------------------------|-----------|-----------------|-----------|
|                                                     |           | 2023            | 2022      |
| <b>Cash and Cash Equivalents</b>                    | <b>9</b>  |                 |           |
| Cash on hand                                        |           | 1,001.00        | 4,433.00  |
| Balances with Banks<br>- In Current Account&Imprest |           | 1,00,582.20     | 10,000.00 |
| <b>Other Current Assets</b>                         | <b>10</b> |                 |           |
| Dismantled/Scrapped Assets                          |           | 31,134.83       | 19,651.10 |
| Assets held for Sale                                |           | 18,484.00       | 18,484.00 |

37. The figures for the previous year have been regrouped/reclassified to correspond with the current year's classification and disclosure.

### For and on behalf of Board of Directors

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

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

Place: Chennai  
Date: 17/05/2023

Sd/-  
**Aravind Kumar**  
Director  
DIN:10117759

Sd/-  
**Ram Ganesh R**  
Company Secretary & Compliance Officer  
F8633

### As per our Report of even date

For **Chandran and Raman**  
Chartered Accountants  
Firm Registration No.: 000571S

Sd/-  
**S Pattabiraman**  
Partner  
Membership No. 014309



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## Executives of the Company



**Shri N Ram Kumar, IRS**  
Chief Vigilance Officer



**Shri Priya Ranjan Panda**  
Chief Financial Officer



**Shri B Somu**  
General Manager - Personnel &  
Administration (Additional Charge)



**Shri T Vannia Perumal**  
General Manager – Plant  
(Additional Charge)



**Shri R Ram Ganesh**  
Company Secretary &  
Compliance Officer

