

54th

**ANNUAL
REPORT**



2019-2020



MADRAS FERTILIZERS LIMITED
MANALI, CHENNAI - 600 068

Board of Directors



SHRI. U SARAVANAN
Chairman & Managing Director



SHRI. LALSANGLUR
GOI Nominee Director



SHRI. HARSH MALHOTRA
Director (Technical)



SHRI. MOHAMMAD BAGHER DAKHILI
NICO Nominee Director



SHRI. FARZAD BAHRAMI BAVANI
NICO Nominee Director



SHRI. BABAK BAGHERPOUR
NICO Nominee Director



BOARD OF DIRECTORS (As on 04.12.2020)

CHAIRMAN & MANAGING DIRECTOR

Shri U Saravanan

DIRECTORS

Shri Lalsanglur

Shri Harsh Malhotra

Shri Mohammad Bagher Dakhili

Shri Babak Bagherpour

Shri Farzad Bahrami Bavani

EXECUTIVES

Shri U Saravanan
Chairman & Managing Director

Shri Harsh Malhotra
Director (Technical)

Shri A L Prabhakar
Chief Vigilance Officer

Shri Priya Ranjan Panda
General Manager - Finance & Accounts (a/c)

Dr. Girish Kumar
Company Secretary



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Registered Office

Manali, Chennai – 600 068
Tamil Nadu, India

Principal Bankers

State Bank of India

Auditors

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



MADRAS FERTILIZERS LIMITED

(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 54th Annual General Meeting (AGM) of Madras Fertilizers Limited will be held on 29th December, 2020 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, 2020 and the Statement of Profit & Loss for the year ended on that date together with the Reports of Directors' and the Auditors thereon.
2. To fix remuneration of Statutory Auditors for the Financial Year 2020-21 and in this regard to consider if thought fit to pass with or without modification(s), the following resolution as an ORDINARY resolution:

"RESOLVED THAT pursuant to the provisions of Section 142(1) and other applicable provisions, if any, of the Companies Act, 2013, the Statutory Audit Fee for the financial year 2020-21 be and is hereby fixed at ₹ 4,00,000/- to M/s. Anand & Ponnappan (MD 0327), Statutory Auditors, subject to other terms and conditions laid down by the C&AG vide letter No.CA.V/COY/CENTRAL GOVERNMENT, MFL(1)/89 dated 10.08.2020".

3. To appoint a Director in place of Shri Lalsanglur (DIN 08118636), Director, who retires by rotation and being eligible offers himself for re-appointment in this regard, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution.

"RESOLVED THAT Shri Lalsanglur (DIN 08118636) who retires by rotation in terms of Section 152 of Companies Act, 2013 and being eligible, be and is hereby re-appointed as Director of the Company whose office shall be liable to retirement by rotation".

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modifications the following resolution as an Ordinary resolution:

"RESOLVED THAT pursuant to the provisions of section 148 and other applicable provisions, if any, of the Companies Act 2013 read with Companies (Audit and Auditor) Rules 2014, Mrs. Aruna Prasad (M No.11816), Cost Accountant, appointed by the Board as Cost Auditor to consider the cost audit of the Company for fertilizers for the financial year 2020-21 as per the directions issued by the Central Government at a fee of ₹ 1,00,000/- plus taxes besides reimbursement of travelling and out of pocket expenses at actuals be and is hereby ratified."

By Order of the Board

Chennai

Dec 04, 2020

U Saravanan

Chairman & Managing Director

DIN : 07274628

Note :

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, physical attendance of the Members to the AGM venue is not required and annual general meeting (AGM) be held through video conferencing (VC) or other audio visual means (OAVM). In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the



facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.

3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.madrasfert.co.in. The Notice can also be accessed from the website of the National Stock Exchange of India Limited at www.nseindia.com and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
7. The Register of Member and Share Transfer Books of the Company will remain closed from 23.12.2020 to 29.12.2020 (both days inclusive).
8. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or M/s. Integrated Registry Management Services Pvt Ltd., (IRMSPL) Kences Towers, II Floor, No.1, Ramakrishna Street, T Nagar, Chennai 60017, the Registrar and Transfer Agents and Depository Participants of the Company for assistance in this regard and all correspondences with regard to transfer of physical / electronic shares etc. may be addressed to them directly.
9. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same to their DPs in case the shares are held by them in electronic form. In case the shares are held by them in physical form, members are requested to register their email address to IRMSPL, Registrar and Transfer Agents and Depository Participants of the Company.
10. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DP in case the shares are held by them in electronic form and to IRMSPL, in case the shares are held by them in physical form.
11. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or IRMSPL, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.



12. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
13. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before 23.12.2020 through email on cs@madrasfert.co.in. The same will be replied by the Company suitably.
14. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.madrasfert.co.in, website of the Stock Exchange i.e. National Stock Exchange of India Limited at www.nseindia.com, and on the website of NSDL <https://www.evoting.nsdl.com>.
15. The Board of Directors has appointed M/s. V Esaki & Associates (M No.30353), Practicing Company Secretaries as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.
16. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
17. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period begins on 26.12.2020 at 09.00 A.M. and ends on 28.12.2020 at 05.00 P.M. During this period, the members holding shares either in physical form or in dematerialized form as on 22.12.2020 i.e. cut-off date, may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter.

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: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

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

Details on Step 1 are mentioned below:

How to Log-in to NSDL e-voting website?

1. Visit the e-voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a personal computer or on a mobile.
2. Once the home page of e-voting system is launched, click on the icon "Login" which is available under "Shareholders" section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. cast your vote electronically.
4. Your User ID details are given below :
 - 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. 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) In case you have not registered your email address with the Company/Depository, please follow instructions mentioned below in this notice.
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.
 - b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on 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 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.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of the Company for which you wish to cast your vote.
4. Now you are ready for e-voting as the Voting page opens
5. 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.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for Shareholders

1. Government / Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to esakics@gmail.com with a copy marked to evoting@nsdl.co.in
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on <https://www.evoting.nsdl.com> to reset the password.
3. In case of any queries relating to e-voting you may refer to the FAQs for Shareholders and e-voting user manual for Shareholders available at the download section of <https://www.evoting.nsdl.com> or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in.

Details on Step 2 are mentioned below:

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

1. After successful login at Step 1, you will be able to see the Home page of e-voting. Click on e-voting. Then, click on Active Voting Cycles.



Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail 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 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.
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.

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. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.

2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at (company email id). The same will be replied by the company suitably.

Other information:

1. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
2. The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.madrasfert.co.in and on the website of NSDL <https://www.evoting.nsdl.com> immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited.
3. **The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013:**

Item No.4: Appointment of Cost Auditor for the year 2020-21

As per Sec. 148(3) of the Companies Act, 2013 read with Companies (Cost Records and Cost Audit) Rules,



MADRAS FERTILIZERS LIMITED

2013, the cost Auditor should be appointed by the Board on such remuneration which may be ratified by the members in General Meeting.

Accordingly, the Board in its 312th meeting held on August 13, 2020 has approved the appointment of Mrs. Aruna Prasad, Cost Auditor, for conducting the Cost Audit of the Company for the year 2020-21 at the remuneration of ₹ 1,00,000/- plus taxes besides reimbursement of travelling and out of packet expenses at actuals. Mrs. Aruna Prasad, has also communicated her willingness to take up the assignment.

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

Chennai
Dec 04, 2020

By Order of the Board
U Saravanan
Chairman & Managing Director
DIN : 07274628



DIRECTORS' REPORT

The Shareholders
MADRAS Fertilizers Limited

Your Directors have pleasure in presenting herewith the 54th Annual Report together with the Balance Sheet as at March 31, 2020 and the Statement of Profit & Loss for the year 2019-20.

SUMMARY OF FINANCIAL RESULTS

	₹ Cr	
	2019-20	2018-19
Turnover	1274.39	1593.00
Profit Before Interest, Depreciation, Exceptional items and Tax	(18.21)	(6.80)
Interest	90.29	100.03
Depreciation	26.38	22.99
Exceptional items	-	-
Other Comprehensive Income	(79.26)	(46.58)
Profit / (Loss) Before Tax	(55.62)	(83.24)
Provision for Tax	-	-
Profit / (Loss) After Tax	(55.62)	(83.24)
Cash Profit / (Loss)	(29.24)	(60.25)

The Company's operations for the year ended with a loss of ₹ 55.62 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 2020, as per the Companies (Declaration and Payment of Dividend) Rules, 2014, due to huge accumulated losses (₹ 805.42 Cr) and negative net worth (₹ 630.89 Cr) as on March 31, 2020.

HIGHLIGHTS OF PLANT PERFORMANCE

- During the year 2019-20 MFL has produced **345150 MT** of Neem Coated Urea and **65000 MT** of NPK 17-17-17 Complex fertilizers.
- Feed Stock Conversion from Naphtha to RLNG was successfully completed, and plants were started back smoothly and Urea production commenced on July 28, 2019.
- Urea production of 46040 MT in Feb 2020 is the highest-ever in any February month since inception.
- NPK A train was started back after a long shutdown of 7 years and Production commenced on 6th Jan 2020.
- During the countrywide lockdown due to COVID 19 pandemic situation from March 25, 2020, Urea production and despatch were not affected, because of the appropriate and adequate precautionary measures taken by the management.
- Achieved Ammonia and Urea Energy of **10.659 & 7.873 GCal/MT** respectively.
- Urea plant production of 100% and above was achieved for 146 Days out of 243 days during this year.
- TTRO water from M/s CMWSSB receipt commenced from October 2019, and Cooling water cycles of Concentration has improved, thereby reduction in make up water quantity and other chemicals.
- At the close of Mar 31, 2020, 2181 days were completed without any lost time accident covering 7.78 million man-hours. (Previous best Achieved - 5.66 million man-hours.)

MARKETING PERFORMANCE

Fertilizer Sales

- ❖ Achieved 3,23,764.200 MT of Vijay Neem Coated Urea sales. (Total consumption 2019-20 : 56,30,671 MT and CPLY : 50,96,421 MT).



- ❖ Sold the total available quantity of 65,516.65 MT of Vijay 17-17-17, which is **139 % increase** over CPLY of 27,429.55 MT

Organic Manures, Neem Pesticides & Bio-Fertilizers Sales

- ❖ Under “Swachh Bharat Mission”, **marketing of City Compost**, a product from Municipality/Factory waste, has been undertaken and 12040.50 MT was sold, which is **49% increase** over CPLY of 8087 MT
- ❖ With respect to City Compost sales, MFL **proud to be a TOPPER in Tamilnadu and reached 6th position on All INDIA basis.**
- ❖ In addition to City Compost, under “Basket Approach” sold 2807.80 MT of Vijay Organic, which is 210% increase over CPLY of 905 MT.
- ❖ Sold 73.42 KL of Vijay Neem,
- ❖ Sold 46.40 MT of Vijay Bio Fertilizers.

MARKET DEVELOPMENT & AGRO-SERVICE PROGRAMMES:

MFL’s Marketing personnel have contacted 25107 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), by direct farmer contact, soil sample collection, method demonstrations and farmer seminar in coordination with State/Central Agricultural extension departments.

Under corporate social responsibility to farming community, Marketing personnel had collected 4036 soil samples, got analyzed and communicated to the farmers about the micro & macro nutrient recommendations of various crops to farmers during the year.

In pursuance to the Prime Minister’s Mission on empowering the Farmers vide Supportive Schemes & Education on farming techniques, MFL continues its service to the farmers through “Kisan Suvidha Kendra” at Gangavathy and Shimoga in Karnataka State. Farmer

services like soil sample analysis and recommendation of fertilizer dosage based on soil test report, educating the farmers on weather, crop Insurance and other improved farm technologies were offered.

As a part of Government of India’s initiative for strengthening farming community, MFL organized a Farmers’ Interaction Session in coordination with State department of Agriculture, where the standing parliamentary committee on Chemicals & Fertilizers headed by Mrs. Kanimozhi Karunanidhi made a study tour visit on 24.01.2020 and had an interaction with around 1000 farmers at a village nearby Vellore of Tamilnadu regarding present demand and availability of fertilizers.

DBT Implementation

- ❖ In order to sustain sales thru PoS machines and to comply with PAN India implementation through DBT, MFL is educating the wholesalers and retailers on importance of PoS sales consistently.
- ❖ Generated all subsidy bills up to date. We are much ahead among many of our competitors and no issues of DBT pending with NIC / DOF.

	Vijay Neem Coated Urea	Vijay 17-17-17
Bills generated - Qty (MT)	3,29,752.218	62,843.816
Bills generated - Value (Cr.)	1,062.98	48.33

MEMORANDUM OF UNDERSTANDING

The Company entered into MOU with Department of Fertilizers (DOF), Government of India for the year 2019-20 on May 05, 2019 setting up targets for performance of the Company in terms of static and dynamic parameters.

VIGILANCE

ACTIVITIES AND ACHIEVEMENTS OF VIGILANCE DEPARTMENT DURING 2019-20

- ❖ Complaints received were attended and reports submitted as per Complaints Handling Policy of the



Company / Central Vigilance Commission (CVC) guidelines.

- ❖ Continuously monitoring the progress of the Disciplinary Proceedings in respect of Vigilance Cases for timely completion.
- ❖ Agreed List of Suspected Officers and List of Officers of Doubtful Integrity were finalised and sent to DoF.
- ❖ CVC Guidelines / Circulars on Tenders and Disciplinary Proceedings and other matters as and when received were communicated to Management for necessary action.
- ❖ As per the Central Vigilance Commission, CVO had four Structured Meetings with the CMD, MFL on 21.05.2019, 27.09.2019, 13.12.2019 & 29.01.2020 and pending issues were discussed and suggestions given to the Management.
- ❖ For all the Tenders with value more than Rs. 2 lacs e-Tendering and e-reverse auction method is being followed.
- ❖ Annual Property Returns of the Officers were scrutinized as per CVC guidelines.
- ❖ For easy reference, CVC Guidelines / Circulars on Tenders were uploaded in MFL's Online Integrated System (OLIS).
- ❖ MFL observed Vigilance Awareness Week 2019 from 28.10.2019 to 02.11.2019 as directed by CVC. The following are the highlights:
 - On October 28, 2019, Vigilance Awareness Week pledge was administered to all employees at 1100 hours in the Administrative Building by Shri A L Prabhakar, CVO, MFL.
 - On Oct 28, 2019, a Workshop was conducted by **Shri C Kamal Kumar, IOFS, Director – Vigilance (South), Ordnance Factory, Chennai, on Preventive Vigilance**. The Workshop was well received by a house full attendance in the Training Centre Auditorium of MFL.

- On Oct 29, 2019, a Quiz Competition was conducted for the Employees at the Training Centre. Six Teams consisting of 2 Employees per Team enthusiastically participated in the competition.
- On Oct 30, 2019, a Keynote Address on **“Integrity – A way of life”** was delivered by **Shri M Rathinasamy, IRS, Additional Director General, Income Tax (Vig) South, Chennai**. In this lecture, he dealt at length the topic of Integrity. The lecture was well received by the audience in the Training Centre Auditorium of MFL.
- Essay competitions (in English & Tamil) on the topic viz., “Integrity – A way of life” was held for students of two neighbouring schools to create awareness and to involve the youth in Vigilance awareness.
- MFL Regional Offices (11) were also involved in the Vigilance Awareness Week programmes. Banners were displayed in all the Regional Offices of MFL and Customers and Citizens were educated on “Integrity – A way of life”. The Regional Offices also enabled a number of Customers and Citizens to undertake e-Pledge.
- As an endeavour of Youth Outreach, the Regional Offices organized events related to this year's VAW Theme, “Integrity – A way of life”.
- Prizes and Certificates were distributed to the Winners of the Vigilance Awareness Week competition on 15.11.2019 by Director - Technical.
- ❖ MFL Vigilance organized three Workshops as detailed below :
 - Workshop on **“e-auction”** to Officials of F&A, Technical Services, Personnel, Marketing, Maintenance, Production & Materials Management on 27.06.2019 at MFL Training Centre. Smt E Babitha Rani, M.Sc., M.B.A, Chief Manager, MSTC Ltd, A Government of India Undertaking was the Faculty.
 - Workshop on **“Rules of Public Procurement from MSME in PSUs”** to Officials of F&A, Technical Services, Personnel, Marketing, Maintenance,



Production & Materials Management on 27.08.2019 at MFL Training Centre. Dr V Ramakrishnan, Dy Director, MSME – Development Institute, Ministry of Micro, Small & Medium Enterprises, Government of India, Guindy, Chennai was the Faculty.

- Workshop on “**Tender Concepts, Public Procurement and Arbitration in PSUs**” was conducted in MFL Training Centre on 11.03.2020 by Shri K Rama Subramonia Pillai, Retd. IRAS, FA & CAO, Southern Railways, Chennai. Around 45 officials ranging from Senior Officers to DGM level participated in this highly interactive session. The Workshop covered Dos and Don'ts and common pitfall in Public Procurement, right from estimate stage to post contract stage. Many case studies were also shared during the session, enriching the awareness of the participants.

HUMAN RELATIONS AND INDUSTRIAL RELATIONS MANPOWER & TRAINING

- The total strength of MFL as on 31.03.2020 is 571 as against 593 as on 31.03.2019. 522 employees have been trained during the period Apr 2019 to Mar 2020 on Technical, Soft and Life skills for the enduring benefit and development of the Organisation.

INDUSTRIAL RELATIONS

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

SC / ST WELFARE ACTIVITIES

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

- ₹ 60,000/- was granted for celebrating Dr. Ambedkar Jayanthi on 15th April 2019 at our Board Room and conducted in a grand manner in commemoration of National Leader.

BC/MBC/OBC WELFARE ACTIVITIES

- ₹ 30,000/- was granted for celebrating Thanthai Periyar E V Ramasamy's Birthday on 17TH September 2019 in a grand manner in commemoration of National Leader.

OFFICIAL LANGUAGE IMPLEMENTATION

The target fixed by Department of Official Language for letter correspondence in Hindi and other implementation programs is being taken care positively. Hindi fortnight was celebrated at Head Office and Regional Offices. Various competitions were organised and prizes were distributed. OL Inspection was done and Hindi Workshop was conducted by Shri D P Mishra, Assistant Director (OL), Department of Fertilizers, and 24 Executives participated in the Workshop. Efforts have been taken to improve the percentage of Noting in Hindi.

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.

IMPACT OF COVID 19

MFL Products / Services are coming under the ambit of Essential Commodities Act, 1955. Accordingly, we are committed to run our Plants and production of fertilizers, its transportation and distribution as per the directives of the Government of India.

Despite of many hurdles, MFL Plants are running with the support of the Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India, Government of Tamilnadu and sheer dedication of employees.



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.

Business Responsibility Report

Clause (f) of sub-regulation (2) of regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, stipulates that the Annual Report shall contain a Business Responsibility Report describing the initiatives taken by the listed entity from an environmental, social and governance perspective in the format specified. Accordingly, the Business Responsibility Report for FY'20 has been appended to this Annual Report.

Meeting of the Board

During the year 2019-20, five 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 for any part of the year at a rate which is more than ₹ 5 lacs per month.

Directors' Responsibility Statement

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

- a) in the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards (Ind AS) had been followed along with proper explanation relating to material departures.
- b) 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;
- c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors have prepared the annual accounts on a going concern basis.
- e) the directors have laid down internal financial control to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Prevention of Sexual Harassment

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



Energy, Technology & Foreign Exchange

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

Management Discussion and Analysis Report

Management Discussion and Analysis Report, as required under 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 has been enclosed as **Annexure – III** 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 - IV** forming part of this report.

Extract of Annual Return

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

Auditors

a) The Comptroller & Auditor General of India has appointed M/s Anand & Ponnappan (MD 0327), Chartered Accountants, Chennai, as Statutory Auditors of the Company for the year 2020-21.

- b) Mrs. Aruna Prasad Cost Accountant, has been re-appointed as Cost Auditor of the Company for the year 2020-21.
- 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 312th meeting held on 13.08.2020 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 2019-20 is enclosed as **Annexure – VI** forming part of this report. Further, in terms of SEBI LODR Regulations, Secretarial Compliance Report has also been obtained from M/s. V. Esaki & Associates for the year 2019-20.

Audit Committee

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

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.



Corporate Social Responsibility (CSR)

As per Section 135 of Companies Act, 2013, the CSR Committee of the Board consisting of 3 or more directors out of which one director shall be an independent Director. CSR Committee was present till June 05, 2019. Further, MFL is vigorously following up with Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India, for appointment of Independent Directors. Once the Independent Directors are appointed by DOF, GOI the Company will reconstitute the CSR Committee as per the Companies Act, 2013.

However, The Company has carried out the following CSR activities during the financial year 2019-20. 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, 2020) and the date of the report.

CEO/CFO Certification

As required by Regulation 17(8) of the SEBI Regulation, a Certificate on the Financial Statements and Cash Flow Statement of the Company for the year ended March 31, 2019 duly signed by the Chairman & Managing Director and General Manager - Finance & Accounts (a/c) was submitted to the Board of Directors at their meeting held on 28.8.2020 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 Aug 04, 2020 received from M/s. V Esaki & Associates, Practising Company Secretaries, confirming that none of the Directors on the Board of the company have been debarred or disqualification from

being appointed or continuing as Director of the Company by the Board / Ministry of Corporate Affairs (MCA) 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.

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.

APPRECIATION

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

By order of the Board

Chennai
Aug 28, 2020

U Saravanan
Chairman & Managing Director
DIN : 07274628



MADRAS FERTILIZERS LIMITED

ANNEXURE - I

THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES 1988 FORM - A

Disclosure of Particulars with respect to Conservation of Energy.

	Financial Year 2019-20	Previous Year 2018-19
A. Power and fuel consumption		
1. Electricity		
(a) Purchased		
Unit (lakhs) *	878.628	944.428
Total amount (₹ in lakhs)	6913.768	7361.449
Rate / unit (₹)	7.87	7.79
* Includes power consumed at TTP, Kodungaiyur		
(b) Own generation		
(i) Through diesel generator		
Units (lakhs)	25.968	8.154
Diesel consumption (KL)	779.040	244.620
Units per ltr. of diesel oil	3.333	3.333
Cost/unit (₹)	20.56	21.36
2. Coal	Not applicable	Not applicable
3. Furnace oil & LSHS		
Quantity (tonnes)	35572	104195
Total cost (₹ in lakhs)	10002.381	37765.446
Average rate (₹ per tonne)	38118.69	36244.97
4. Others/generation:	Nil	Nil
B. Consumption per unit of production		
	FICC Norm	
(a) Product : Ammonia		
Electricity (KWH) *	115.000	113.912
Fuel oil + LSHS (MT)	0.2341	0.0787
Naphtha (MT)	0.7829	0.7608
* includes own generation		
RLNG(MMSCM)		0.001089
(b) Product: Urea		
Electricity (KWH)	202.000	155.478
Fuel oil + LSHS (MT)	0.1309	0.0434
RLNG(MMSCM)		0.000092
(c) Product: NPK		
Electricity (KWH)	43.410	63.145
Fuel oil + LSHS (MT)	0.0069	0.0087



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	NIL
2	Benefits derived as a result of the above R&D	
3	Future plan of action	
4	Expenditure on R&D	
	Capital	
	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.	Nil
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	Nil

FOREIGN EXCHANGE EARNINGS AND OUTGO

	2019-20
1. Activities relating to export	NIL
2. Total Foreign Exchange used	(₹ Cr)
Raw Materials	31.18
Components & Spare Parts	4.05
Books & Periodicals / Travel	0.12
Total	----- 35.35 -----
3. Total Foreign Exchange earned	NIL



MANAGEMENT DISCUSSIONS AND ANALYSIS

Business

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

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

Introduction

Agricultural Situations prevailed :

In Tamilnadu, Shortage of 15-20% rainfall during Kharif'19 impacted the coverage of major crops like paddy, maize, sugarcane, groundnut, cotton, turmeric, tapioca .etc.. But the rains received during Rabi increased the water level in all dams particularly Cauvery delta region which is mainly catered by Mettur Dam in which water has been released on 19th July 2019 against customary date of June 12th. So the major crop paddy acreage in delta districts in different seasons like Kuruva, Samba, Thaladi & Navarai was very well covered as per normal acreage, with that the overall crop coverage and agriculture production in TN was at satisfactory level.

Telenagna State observed 15% deficit rains in kharif'19, however the rains received overall and especially in catchment areas during Rabi season resulted increased water level in major dams like Nagarjuna Sagar, Sriram Sagar and all minor reservoirs. With that, the crop coverage was normal during Kharif and 70-80% increase during Rabi 2019-20 observed.

In Andhra Pradesh, with the onset of South-West monsoon on 21st June 2019, Good amount of rainfall received in overall districts during August & Sept.2019, and North-East monsoon commenced in adjoining areas of Anadhra Pradesh on 16th October 2019, The water levels in all major reservoirs i.e. Srisaillam and Nagarjunasagar reached full level. Overall wide crop coverage during Kharif and Rabi noticed. Paddy area increased and good farm productivity noticed during Rabi season.

In Karnataka, Monsoon was delayed and very lesser rainfall received between April to July'2019 which affected the sowings of Potato, Greengram, Maize, Sunflower, Ragi, Cotton. However, from August'2019 onwards very good rainfall received resulted in filling up of all reservoirs i.e., KRS, Kabini, Harangi and Hemavathi. Heavy rainfall in Kodagu, Chickamagalur and Hassan caused damage to Coffee, Pepper and Potato crops. Thus, 20 – 40% of yields reduced. Due to adequate water in Reservoirs, crop coverage of Paddy & Sugarcane was normal during summer in irrigated belt. Good consumption of fertilizer was observed.

North and Central Kerala affected by floods during the month of Jul-Aug'19 due to heavy rains which affected crops like Cardamom, Banana & Ginger resulted in low yield. Cardamom prices increased to Rs.4000/- per Kg due to low production, Rubber prices were as low as Rs.120/- per Kg resulting in slipping of fertilizer application. Kule paddy area reduced and summer paddy area was normal in Kerala.



MADRAS FERTILIZERS LIMITED

Fertilizer Sector

(Lac MT)

PRODUCT	UREA		NPK	
	2018-19	2019-20	2018-19	2019-20
Sales in MFL Marketing Territory	50.96	56.31	40.99	49.33
MFL Sales	4.19	3.24	0.27	0.65

For Complex fertilizers, NBS is applicable from 1.4.2010 where subsidy is being fixed by Government on yearly basis and the MRP is allowed to be fixed by manufacturers based on market dynamics. During the year 2019-20, the subsidy for 17-17-17 allowed was Rs.7691/- as same as 2018-19.

The consumption of UREA and NP/NPK has increased in MFL's territory because of favorable agricultural situation prevailed. The consumption of UREA has increased in MFL's territory over CPLY by 10.5% and NPK/NPKS by 20.3% over CPLY. MFL's market share on Urea has decreased from 8.24% to 5.75% due to lack of production in extension of Feedstock conversion process till July 2019 and the share of NPK has increased from 0.67% to 1.33% in MFL territory

- ❖ During the year, MFL achieved Rail : Road ratio of 83:17 for Urea movement compared to CPLY of 75:25 which is an ever highest achievement against the DoF norms of 80:20.
- ❖ MFL Drastically reduced the rebates. By excluding interest rebates offered for Trade advance already collected, we allowed only Rs.0.65 lakhs against CPLY of Rs.36.54 lakhs, Rs.12.15 Crores during 2018-19, thereby a huge outgo on marketing costs has been saved.
- ❖ No Major credit periods was offered by MFL during the financial year, whereas Competitors offered various discounts/ rebates and extended credit facilities very liberally.
- ❖ Achieved 100 % for 2nd consecutive year that, all the sales transactions done by MFL were made thru RTGS only.

Global Scenario

During 2019-20, the International FoB price of Urea was in comfortable trend compared to 2018-19. It was USD 262 PMT during April'19, reached a high of USD 294 PMT by July'19, subsequently reduced to 250 USD PMT in Dec'19 and finally settled at USD 257 PMT during Jan-Mar'2020. This is in comparison with previous year range of USD 260-356 PMT.

Phosphoric acid CFR price was in downward trend. It was USD 728 PMT during April 2019 and subsequently started reducing every quarter and finally settled at USD 590 PMT during Jan-Mar'2020. This is in comparison with previous year range of USD 678-768 PMT.

MOP CFR price was USD 290 PMT during Apr-Oct'2019 and remained stable during the year and finally settled at USD 280 PMT during Nov'19 – Mar'2020. This is in comparison with previous year range of USD 240-290 PMT.



MADRAS FERTILIZERS LIMITED

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 2018-19 and 2019-20 are given below:

(Lakh MT)

PRODUCT	UREA		DAP		NP/NPK (Other than DAP)		MOP *	
	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20
Production	238.99	244.55	38.98	45.50	89.79	86.93	-	-
Imports	74.81	91.23	66.02	48.70	5.46	7.46	42.14	36.70
Consumption	320.13	336.95	87.34	100.99	90.41	98.57	27.34	27.87

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

MFL Production of Urea / NP / NPK Fertilizers

(Lakh MT)

Year	2015-16	2016-17	2017-18	2018-19	2019-20
NC UREA	4.07	4.68	4.19	3.94	3.45
NP/NPK	0.35	0.49	0.62	0.52	0.65

Production of Vijay Bio Fertilizers

(MT)

Year	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Quantity	349.14	276.52	110.74	83.00	150	46.400

All India Demand Forecast For Fertilizer Nutrients for the Periods 2019-20 to 2021-22

(Lakh MT)

Period	N	P	K	Total	Ratio (NPK)
2019-20 (Est.) *	191.48	76.62	26.07	294.17	7.3:2.9:1
2020-21	194.09	77.63	27.17	298.89	7.1:2.9:1
2021-22	196.42	79.12	28.12	303.65	7.0:2.8:1

* DBT sale

All India Product-Wise Demand Forecast For 2020-21 To 2021-22

(Lakh MT)

PERIOD	UREA	DAP	SSP	MOP	COMPLEX FERTILIZERS
2019-20 (Est.)*	336.95	100.10	44.03	27.87	98.57
2020-21	340.55	102.31	45.12	29.30	101.51
2021-22	343.82	104.32	46.48	30.41	103.03

* DBT sale

The Demand forecast for fertilizers and corresponding nutrients are based on 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 twelve grades of Complex fertilizers.

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

The per kg Nutrient Based Subsidy for Nutrients 'N' 'P' 'K' for 2018-19, 2019-20 and 2020-21 is given below:

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

Accordingly, NBS was finalized for different P&K fertilizers and additional subsidy was given for fortified fertilizers with secondary & micro-nutrients like Sulphur, Boron & Zinc. However, the additional compensation for using Naphtha based Captive Ammonia by MFL has not been announced since 1.4.2012 to till the date of feed stock conversion executed which is under consideration of GOI.

For the current year 2020-21, GOI has fixed Rs.7445/- as subsidy for 17-17-17 against the CPLY of Rs.7691/- which is a reduction of Rs.246/- MT

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.

Prevention of Sexual Harassment

The Company has zero tolerance for sexual harassment at the work place and has following the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace.

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 dispenses during the financial year 2019-20 :

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



CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF MADRAS FERTILIZERS LIMITED

1. We have examined the compliance of conditions of Corporate Governance by Madras Fertilizers Limited (“the Company”), for the year ended on 31st March, 2020, as stipulated in Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with the stock exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for **J.V. Ramanujam & Co.**
Chartered Accountants
FRN No.02947S

Place: Chennai
Date: June 19, 2020

(Sri Narayana Jakhotia)
Partner
M. No : 233192
UDIN: 20233192AAAAAI9625

ANNEXURE -IV

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

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

All the Board Members and Senior Management personnel affirmed compliance with the code for the financial year 2019-20.

Chennai
Aug 28, 2020

U Saravanan
Chairman & Managing Director
DIN : 07274628



REPORT ON CORPORATE GOVERNANCE

Company's Philosophy

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

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

Board of Directors

Composition

At present the strength of the Board comprises 6 members with varied and rich experience. Chairman and Managing Director and Director (Technical) are Executive Directors and all other Directors are Non-Executive Directors. The Board of Directors comprise of Two GOI Nominee Directors and Two functional Directors viz. Director – Technical and CMD appointed by the Government of India, three Directors appointed by the Naftiran Intertrade Co. Ltd., Co-Promoter and four independent Non-official directors appointed by the Government of India.

Other Details relating to the Board

Details regarding tenure, number of other Directorships/Committee Memberships (viz. Audit Committee and Shareholders Grievance Committee as per SEBI's Corporate Governance Code) held by Directors during the year 2019-20 are tabulated below:

S.No.	Director	Category	Tenure		In other Boards / Committees		
			From	To	Director-ship	Member-ship	Chairman- ship
1	Shri U Saravanan (DIN 07274628)	CMD	01.11.2018	Continuing	2	-	-
2	Shri Siya Sharan (DIN 07401363)	NED-Govt. Nominee	21.12.2018	**	-	-	-
3	Shri Lalsanglur (DIN 08118636)	NED-Govt. Nominee	10.04.2018	Continuing	1	-	-
4	Shri Harsh Malhotra (DIN 08520873)	Director (Technical)	22.07.2019	Continuing	1	-	-
5	Shri Mohammad Bagher Dakhili (DIN 07704367)	NED-NICO Nominee	18.02.2017	Continuing	1	-	-
6	Shri Babak Bagherpour (DIN 08341090)	NED-NICO Nominee	23.10.2018	Continuing	1	-	-
7	Shri Farzad Bahrami Bavani (DIN 05352239)	NED-NICO Nominee	18.02.2017	Continuing	-	-	-
8	CA Sunil Vashisht (DIN 01967138)	Non-official Director	06.06.2016	05.06.2019	-	-	-
9	Dr Hemant A Thakore (DIN 07565337)	Non-official Director	06.06.2016	05.06.2019	-	-	-
10	Shri C Ramesh (DIN 06558099)	Non-official Director	06.06.2016	05.06.2019	-	-	-
11	Smt. Vanathi Srinivasan (DIN 07614954)	Non-official Director	06.06.2016	05.06.2019	-	-	-



MADRAS FERTILIZERS LIMITED

Meetings Held

During the year, Five (5) meetings of the Board were held on 27.05.2019, 14.08.2019, 19.09.2019, 08.11.2019, 07.02.2020. The Annual General Meeting was held on 19th September 2019. Details of attendance of directors at the Board Meetings and Annual General Meeting are as follows:-

S.No.	Director	Category	Tenure		Board Meetings during respective tenure of Directors		Whether attended last AGM held on 19.09.2019
			From	To	Held	Attended	
1	Shri U Saravanan	CMD	01.11.2018	Continuing	5	5	Yes
2	Shri Siya Sharan	NED-Govt. Nominee	21.12.2018	**	5	1	No
3	Shri Lalsanglur	NED-Govt. Nominee	10.04.2018	Continuing	5	4	No
4	Shri Harsh Malhotra	Director (Technical)	22.07.2019	Continuing	4	4	Yes
5	Shri Mohammad Bagher Dakhili	NED-NICO Nominee	18.02.2017	Continuing	5	1	No
6	Shri Babak Bagherpour	NED-NICO Nominee	23.10.2018	Continuing	5	2	No
7	Shri Farzad Bahrami Bavani	NED-NICO Nominee	18.02.2017	Continuing	5	-	No
8	CA Sunil Vashisht	Non-official Director	06.06.2016	05.06.2019	1	1	NA
9	Dr Hemant A Thakore	Non-official Director	06.06.2016	05.06.2019	1	1	NA
10	Shri C Ramesh	Non-official Director	06.06.2016	05.06.2019	1	1	NA
11	Smt. Vanathi Srinivasan	Non-official Director	06.06.2016	05.06.2019	1	-	No



MADRAS FERTILIZERS LIMITED

Audit Committee

During the year 2019-20, the Audit Committee met on Five times i.e. 27.05.2019, 14.08.2019, 19.09.2019, 08.11.2019, 07.02.2020. 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 Lalsanglur	Chairman	14.08.2019	Continuing	4	3
2	Shri U Saravanan	Member	14.08.2019	Continuing	4	4
3	CA Sunil Vashisht	Chairman	06.06.2016	05.06.2019	1	1
4	Shri Siya Sharan	Member	21.12.2018	**	5	1
5	Shri Mohammad Bagher Dakhili	Member	18.02.2017	Continuing	5	4
6	Dr Hemant A Thakore	Member	06.06.2016	05.06.2019	1	1
7	Shri C Ramesh	Member	06.06.2016	05.06.2019	1	1
8	Smt.Vanathi Srinivasan	Member	06.06.2016	05.06.2019	1	-

** Shri Siya Sharan (DIN No.07401363) communicated vide his letter No.Or.AO/Fert/2019-20/P.File (CCA) dated July 31, 2019 that he was relieved from the Post of Chief Controller of Accounts of DOF, GOI and hence he has relinquished his charges as GOI Nominee Director on the Board of MFL effective 31.07.2019. However, an Office Order from Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India is awaited.

Nomination and Remuneration Committee

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

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

The aggregate value of the salary, incentives, perquisites and other benefits paid by the Company to the Directors is ₹ 73,70,390/-.

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

Stakeholders Relationship Committee

For the year 2019-20, one meeting of the Stakeholders Relationship Committee was held on 07.02.2020 as below:

S.No.	Name of the Stakeholders Relationship Committee Members	Status	Tenure		No. of meetings held
			From	To	
1	Shri Mohammad Bagher Dakhili	Chairman	18.02.2017	Continuing	-
2	Shri U Saravanan	Member	13.08.2015	Continuing	1
3	Shri Lalsanglur	Chairman/Member	10.04.2018	Continuing	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, 11 Share Transfer Committee Meetings have been held to consider share transfer and other share related matters.

Total number of complaints redressed by the Company and Share Transfer Agents during the period was 127 which include attending Loss of Share Certificate, Issue of Duplicate Share Certificate, Nomination and Procedure for transmission of shares, etc. All the complaints were redressed in full and there is no pending as of March 31, 2020.

Compliance Officer: Dr Girish Kumar, has been appointed as Company Secretary and Compliance Officer effective August 14, 2019.

General Body Meetings

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

Year	Venue	Date	Time
2018-2019	Narada Gana Sabha No.314, TTK Road Alwarpet Chennai 600018	19/09/2019 (Thursday)	11.30 A.M.
2017-2018	MFL Training Centre Auditorium (North Gate Entrance) MFL Plant Manali, Chennai – 600 068	26/09/2018 (Wednesday)	11.30 A.M.
2016-2017	Rajah Annamalai Mandram (Tamil Isai Sangam) 5, Esplanade Road Chennai 600 108	22/09/2017 (Friday)	02.30 P.M.

During the year under review, three special resolutions were passed through postal ballot as below:

Date of Passing of Resolution	Purpose	Votes in favour of Resolution		Votes against the resolution	
		No.of votes	% total votes	No. of votes	% to total votes
13.08.2019	Sale of 70 Acres of Land	137515303	99.98	28505	0.02
13.08.2019	Amendment to Articles of Association of the Company in compliance with Minimum Public Shareholding requirement	137525568	99.99	17740	0.01
13.08.2019	Adoption of Articles of Association as per the provisions of the Companies Act, 2013	137525668	99.99	17640	0.01

In compliance with provisions of Section 110 of the Companies Act, 2013 read with the Companies (Management & Administration) Rules, 2014, the Company had provided e-voting facility to its shareholders to cast their votes electronically through the NSDL e-voting platform. Postal ballot forms and business reply envelopes were sent to shareholders to enable them to cast their vote in writing on the postal ballot. The Company also published a notice in the newspapers declaring the details of completion of dispatch and other requirements as mandated under the Companies Act, 2013 and applicable Rules.



The Company had appointed Mr. C Prabhakar, Partner of BP Associates, Company Secretaries, Chennai as the Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner. The Scrutinizer submitted his report to the Chairman, after completion of the scrutiny and the results of voting by posting ballot were then announced by the Chairman/ Authorised offices. The voting results were sent to the Stock Exchange and displayed on the Company's website. The date of declaration of the results by the Company is deemed to be the date of passing of the resolutions.

Related Party Transactions :

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

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

There were no materially significant transactions with Related Parties during the financial year 2019-20 which were in conflict with the interest of the Company.

Whistle Blower / Vigil Mechanism

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

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.

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 Maalaisudar. The financial results are made available on the Company's website: www.madrasfert.co.in.

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



MADRAS FERTILIZERS LIMITED

General Shareholders Information

Annual General Meeting, Date, Time and Venue:

AGM Date : **December 29, 2020**

Time : 11.00 a.m.

Venue : Video Conferencing / OAVM

Financial Year : April 2019 – March 2020

Book Closure Date : 23.12.2020 To 29.12.2020 (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, 2019 to March 31, 2020

National Stock Exchange of India Ltd

Month	NSE High (₹)	NSE Low (₹)	S & P CNX Nifty Index High	S & P CNX Nifty Index Low	Quantity	Value (₹ lakh)
Apr 2019	23.40	19.00	11856.15	11549.10	2777410	607.46
May	26.90	18.25	12041.15	11108.30	4304399	1008.33
Jun	26.95	21.10	12103.05	11625.10	3074926	748.51
Jul	31.50	20.45	11981.75	10999.40	14054682	3723.85
Aug	23.00	17.60	11181.45	10637.15	2154175	444.23
Sep	25.40	18.50	11694.85	10670.25	6748720	1524.39
Oct	23.00	19.55	11945.00	11090.15	4581335	953.55
Nov	21.25	19.05	12158.80	11802.65	2831149	567.92
Dec	20.95	18.20	12293.90	11832.30	2427972	476.62
Jan 2020	23.65	19.30	12430.50	11929.60	7914022	1701.63
Feb	21.85	13.60	12246.70	11175.05	2741200	495.96
Mar	14.55	9.00	11433.00	7511.10	2465399	282.87



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 : corpserve@integratedindia.in

Dematerialisation of Shares:

MFL has connectivity with both NSDL and CDSL

ISIN No : INE 414A01015

15,72,88,798 equity shares (representing 97.63 % of total shares) have been dematerialized as of March 31, 2020. In terms of number of shareholders, 75.81% of shareholders have dematted their shares.

Distribution of Shareholding:

The distribution of shareholding as on March 31, 2020 is as follows:

Dist	Physical			NSDL			CDSL			Total		
	Count	Shares	%	Count	Shares	%	Count	Shares	%	Count	Shares	%
Up to 500	427	681	0.00	3241	51763	0.03	3102	54001	0.03	6770	106445	0.06
501 - 1000	131	13088	0.01	2039	195247	0.12	1748	164359	0.10	3918	372694	0.23
1001 - 2000	3298	659600	0.41	2275	427677	0.27	1615	291035	0.18	7188	1378312	0.86
2001 - 3000	439	131700	0.08	1026	288465	0.18	783	214414	0.13	2248	634579	0.39
3001 - 4000	433	173133	0.11	554	214222	0.13	404	152283	0.09	1391	539638	0.33
4001 - 5000	1485	742500	0.46	1562	774933	0.48	991	489983	0.30	4038	2007416	1.24
5001 - 10000	1600	1564200	0.97	2079	1879475	1.17	1270	1090942	0.68	4949	4534617	2.82
Above 10000	232	527600	0.33	1539	147007430	91.25	987	3992569	2.48	2758	151527599	94.07
Grand Total	8045	3812502	2.37	14315	150839212	93.63	10900	6449586	3.99	33260	161101300	100.00



MADRAS FERTILIZERS LIMITED

CATEGORY OF SHAREHOLDERS AS ON MARCH 31, 2020 AS FOLLOWS:

S No	Category	PHYSICAL				ELECTRONIC				TOTAL			
		No. of Holders	% of holders	Shares	% of Shares	No. of Holders	% of holders	Shares	% of Shares	No. of Holders	% of holders	Shares	% of Shares
1	BANK'S	13	0.04	34600	0.02	1	0.00	50	Nil	14	0.04	34650	0.02
2	BODIES CORPORATE	78	0.23	134000	0.08	211	0.63	1418622	0.88	289	0.87	1552622	0.96
3	CLEARING MEMBER	Nil	Nil	Nil	Nil	61	0.18	131450	0.08	61	0.18	131450	0.08
4	GOVERNMENT/PROMOTERS	Nil	Nil	Nil	Nil	1	0.00	95851700	59.50	1	0.00	95851700	59.50
5	EMPLOYEES	83	0.25	70900	0.04	Nil	Nil	Nil	Nil	83	0.25	70900	0.44
6	FINANCIAL INSTITUTIONS	Nil	Nil	Nil	Nil	1	0.00	63920	0.04	1	0.00	63920	0.04
7	MUTUAL FUND	1	0.00	2400	0.00	Nil	Nil	Nil	Nil	1	0.00	2400	0.00
8	N R I	Nil	Nil	Nil	Nil	147	0.44	414359	0.26	147	0.44	414359	0.26
9	FOREIGN PROMOTERS	Nil	Nil	Nil	Nil	1	0.00	41516500	25.77	1	0.00	41516500	25.77
10	RESIDENT INDIAN	7870	23.66	3570602	2.22	24790	74.53	17861197	11.09	32660	98.20	21431799	13.30
11	NBFCs	Nil	Nil	Nil	Nil	2	0.01	31000	0.02	2	0.01	31000	0.02
	TOTAL	8045	24.19	3812502	2.37	25215	75.81	157288798	97.63	33260	100.00	161101300	100.00

MODEWISE SHAREHOLDINGS AS ON 31-03-2020

MODE	COUNT	SHARES	%
PHYSICAL	8045	3812502	2.37
NSDL	14315	150839212	93.63
CDSL	10900	6449586	3.99
GRAND TOTAL	33260	161101300	100.00
CATEGORY	COUNT	SHARES	%
G O I	1	95851700	59.50
NAFTIRAN INTER TRADE COMPANY LTD	1	41516500	25.77
OTHERS	33258	23733100	14.73
GRAND TOTAL	33260	161101300	100.00

Plant Location : Manali, Chennai 600 068

The Address for correspondence is

Dr. Girish Kumar

Company Secretary

Madras Fertilizers Limited

Manali, Chennai 600 068

Tel : 044 2594 2281 / 044 25945489

Email : cs@madrasfert.co.in / cosec@madrasfert.co.in

**MADRAS FERTILIZERS LIMITED****ANNEXURE - V****FORM NO. MGT 9****EXTRACT OF ANNUAL RETURN****As on financial year ended on 31.03.2020**

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

I. REGISTRATION & OTHER DETAILS:

1	CIN	L32201TN1966GOI005469
2	Registration Date	12/8/1966
3	Name of the Company	MADRAS FERTILIZERS LIMITED
4	Category/Sub-category of the Company	Public Company Limited by shares / Central Public Sector Undertaking
5	Address of the Registered office & contact details	Post Bag No.2, Manali, Chennai 600068 Tel.044-25942281 / 25945203
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Integrated Registry Management Services Private Ltd, Kences Towers, 2nd Floor, 1, Ramakrishna Street, Off. North Usman Road, T Nagar, Chennai 600017 Tel.No.044-28140801 to 803, Email : corpserve@integratedindia.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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



IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	9,58,51,700	-	9,58,51,700	59.50%	9,58,51,700	-	9,58,51,700	59.50%	0.00%
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.									
e) Banks / FI									
f) Any other									
Sub Total (A) (1)	9,58,51,700	-	9,58,51,700	59.50%	9,58,51,700	-	9,58,51,700	59.50%	0.00%
(2) Foreign									
a) NRI Individuals									
b) Other Individuals									
c) Bodies Corp.	4,15,16,500	-	4,15,16,500	25.77%	4,15,16,500	-	4,15,16,500	25.77%	0.00%
d) Any other									
Sub Total (A) (2)	4,15,16,500	-	4,15,16,500	25.77%	4,15,16,500	-	4,15,16,500	25.77%	0.00%
TOTAL (A)	13,73,68,200	-	13,73,68,200	85.27%	13,73,68,200	-	13,73,68,200	85.27%	0.00%
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	2,400	2,400	0.00%	-	2,400	2,400	0.00%	0.00%
b) Banks / FI	76,058	34,600	1,10,658	0.07%	84,161	34,600	1,18,761	0.07%	7.32%
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	76,058	37,000	1,13,058	0.07%	84,161	37,000	1,21,161	0.08%	7.17%



MADRAS FERTILIZERS LIMITED

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	13,36,863	1,34,000	14,70,863	0.91%	14,27,431	1,34,000	15,61,431	0.97%	6.16%
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	1,19,79,188	37,19,169	1,56,98,357	9.74%	1,25,16,663	36,41,502	1,61,58,165	10.03%	2.93%
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	59,17,730	-	59,17,730	3.67%	53,46,684	-	53,46,684	3.32%	-9.65%
c) Others (specify)	5,33,092	-	5,33,092	0.33%	5,45,659	-	5,45,659	0.34%	2.36%
Sub-total (B)(2):-	1,97,66,873	38,53,169	2,36,20,042	14.66%	1,98,36,437	37,75,502	2,36,11,939	14.66%	-0.03%
Total Public (B)	1,98,42,931	38,90,169	2,37,33,100	14.73%	1,99,20,598	38,12,502	2,37,33,100	14.73%	0.00%
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	15,72,11,131	38,90,169	16,11,01,300	100.00%	15,72,88,798	38,12,502	16,11,01,300	100.00%	0.00%

(ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	The President of India	9,58,51,700	59.50%	0	9,58,51,700	59.50%		0.00%
2	Naftiran Inter Trade Company Ltd	4,15,16,500	25.77%	0	4,15,16,500	25.77%		0.00%

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

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



MADRAS FERTILIZERS LIMITED

(iv) Shareholding Pattern of top ten Shareholders as on March 31, 2020

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

S No	For each of the Top 10 shareholders		Shareholding at the beginning of the year		Shareholding at the end of the year	
	Name	PAN No.	No. of shares	% of total shares	No. of shares	% of total shares
1	KALI RAM GUPTA	AHNPG3758M	13,42,087	0.83	10,52,587	0.65
2	SHAKUNTLA GUPTA	AHNPG3753A	10,95,420	0.68	11,05,420	0.69
3	BHARAT JAMNADAS DATTANI	AABPD6008J	1,78,458	0.11	0	0.00
4	BHARAT JAMNADAS DATTANI	AAAHB0495E	1,74,667	0.11	0	0.00
5	BHARATI BHARAT DATTANI	AAAPD4798E	1,74,463	0.11	0	0.00
6	RUCHIT BHARAT PATEL	ANDPP9202F	1,70,226	0.11	1,70,226	0.11
7	KARVY STOCK BROKING LIMITED- CLIENT ACCOUNT-BSE CM	AABCK5190K	1,62,934	0.10	11,056	0.01
8	INDIAN SYNTAS INVESTMENTS PRIVATE LIMITED	AAACI1775K	1,31,000	0.08	1,31,000	0.08
9	U S D PROJECTS AND FINANCE LIMITED	AAACU4199B	1,24,000	0.08	1,24,000	0.08
10	LAL TOLANI	AFJPT3594A	1,03,245	0.06	1,03,245	0.06
11	MOTILAL OSWAL FINANCIAL SERVICES LTD-CLIENT ACCOUNT	AAECM2876P	91,537	0.06	50,438	0.03
12	PATTABHI RAMARAJU SARIKONDA	AGOPS2619F	87,000	0.05	0	0.00
13	VINOD KUMAR AGGARWAL	AAGPA7302R	78,000	0.05	78,000	0.05
14	BALAJI V PRASAD	ADMPV2744F	70,000	0.04	70,000	0.04
15	BANSURI MRUGANKUMAR MEHTA	AGSPD0605J	69,604	0.04	0	0.00
16	GLOBE CAPITAL MARKET LIMITED	AAACG4267G	17,631	0.01	2,26,364	0.14
17	KRISHNA INDIA PRIVATE LTD.	AAACK4798C	34,114	0.02	1,68,884	0.11
18	ADROIT FINANCIAL SERVICES PVT LTD	AABCA1156D	25,325	0.02	1,51,751	0.09
19	MAYRA PACKAGINGS PRIVATE LIMITED	AAICM5670K	0	0.00	92,530	0.06
20	R.K.GUPTA HUF	AANHR8767C	22,645	0.01	79,948	0.05
21	IRUKUMATI CHINNAKONDAIAH	AGWPC0724H	40,005	0.03	70,005	0.04
22	JANKIRAM A	AAAPJ3688D	51,000	0.03	68,000	0.04

(v) Shareholding of Directors and Key Managerial Personnel:

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



MADRAS FERTILIZERS LIMITED

V. INDEBTEDNESS

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

(₹ in Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	55,424.00		55,424.00
ii) Interest due but not paid	-	60,266.00		60,266.00
iii) Interest accrued but not due	-	1,555.00		1,555.00
Total (i+ii+iii)	-	1,17,245.00		1,17,245.00
Change in Indebtedness during the financial year				
* Addition - Interest due but not paid	-	5,458.00		5,458.00
* Reduction	-	-		-
Net Change	-	5,458.00		5,458.00
Indebtedness at the end of the financial year				
i) Principal Amount		55,424.00		55,424.00
ii) Interest due but not paid		65,724.00		65,724.00
iii) Interest accrued but not due		1,555.00		1,555.00
Total (i+ii+iii)	-	1,22,703.00		1,22,703.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(in ₹)

SN.	Particulars of Remuneration	U. Saravanan Chairman & Managing Director	Shri Harsh Malhotra, Director (Technical)
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	28,69,377.00	16,22,335.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,80,000.00	Nil
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil
2	Stock Option	Nil	Nil
3	Sweat Equity	Nil	Nil
4	Commission		
	- as % of profit	Nil	Nil
	- others, specify	Nil	Nil
5	Others, please specify	22,35,891.00	4,62,787.00
	Total (A)	52,85,268.00	20,85,122.00
	Ceiling as per the Act	-	-



MADRAS FERTILIZERS LIMITED

B. Remuneration to other Directors

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

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

(in ₹)

SN.	Particulars of Remuneration	Shri V Muralidharan, GM (F&A) & Company Secretary (Upto Aug 13, 2019)	Dr. Girish Kumar, Company Secretary (Effective August 14, 2019)
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8,68,140.00	8,56,439.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	44,843.00	
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil
2	Stock Option	Nil	Nil
3	Sweat Equity	Nil	Nil
4	Commission		
	- as % of profit	Nil	Nil
	- others, specify	Nil	Nil
5	Others, please specify	3,33,745.00	3,82,921.00
	Total	12,46,728.00	12,39,360.00



MADRAS FERTILIZERS LIMITED

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	Section 17(1) of SEBI LODR Regulations 2015	Imposed penalty for non compliance by the company with regard to Regulation 17(1) of SEBI LODR Regulations, 2015	Penalty for the quarter ended June 2019 ₹ 5,31,000/- was paid.	National Stock Exchange	Nil
	Section 17(1), 18(1) and 19(1)/(2) of SEBI LODR Regulations 2015	Imposed penalty for non compliance by the company with regard to Regulation 17(1), 18(1) and 19 (1)/(2) of SEBI LODR Regulations, 2015	Penalty for the quarter ended September 2019 ₹ 6,65,520/- and for the quarter ended December ₹ 9,77,040/- was paid.	National Stock Exchange	Nil
	Listing Regulation 34 of SEBI LODR	Imposed penalty for non compliance of Listing Regulation 34 of SEBI LODR Regulations, 2015	Penalty of ₹ 75,520/- was paid.	National Stock Exchange	Based on the appeal made by the Company, NSE vide their letter No.NSE/ LIST-SOP/REG-34/REV/98622 dated Jan 01, 2020 withdrawn the fine levied under Reg 34 of SEBI LODR.
	Section 20 of the National Green Tribunal Act, 2010	TNPCC directed the Company to deposit ₹ 1 Cr as Interim Enviromental Compensaton for Imposed penalty for violation of Environmental Standards.	Interim Environmental Compensation paid ₹ 1.00 Cr.	Tamil Nadu Pollution Control Board (TNPCC), Ambattur, Chennai	Nil
Punishment	Nil				
Compounding					
B. DIRECTORS					
Penalty	Nil				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil				
Punishment					
Compounding					



Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31/03/2020

[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 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 31/03/2020 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 31/03/2020 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
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.



(e) The SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

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

1. Factories Act, 1948
2. Industrial Dispute Act, 1947
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 also examined compliance with the applicable clauses of the following:

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

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

- Charges appearing on the Index of Charges are not actual live charges; Company has not filed CHG 4 (towards Satisfaction of Charges) for most of the Cases. However, it was clarified by the Company that in respect of cases where charges have been created were fully settled.



Moreover there was a Fine imposed on the following Non Compliances.

- As per Notice issued by NSE Penalty of ₹ 5,31,000/- was paid,
- As per Notice issued by NSE Penalty for the quarter ended September 2019 ₹ 6,65,520/- and for the quarter ended December ₹ 9,77,040/- was paid, for non appointment of Independent Directors on the Board.
- Interim Environmental Compensation paid ₹ 1.00 Cr. against the Tamil Nadu Pollution Control Board (TNPCB) letter T4/TNPCB/F2643/CEPI/EC/AMB/2020-14 dated 28.01.2020.

On account of pandemic "COVID 2019" and nationwide lockdown imposed by governments, the audit process has been modified, wherein certain documents /records etc were verified in electronic mode, and have relied on the representations received from the Company for its accuracy and authenticity.

We further report that:

The changes in the composition of the Board of Directors that took place during the period under review are 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 has taken up certain matter with the Department of Fertilizers, Government of India to appoint sufficient number of Independent Directors to comply with the SEBI (LODR) Regulations.

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

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

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

(V.Esaki)

Place : Chennai
Date : 04/08/2020

Proprietor / Membership No: 30353
UDIN: A030353B000549377



MADRAS FERTILIZERS LIMITED

Annexure '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. I believe that the processes and practices, I 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, I 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

(V.Esaki)

Place : Chennai
Date : 04/08/2020

Proprietor / Membership No: 30353
UDIN: A030353B000549377



MADRAS FERTILIZERS LIMITED

ANNEXURE - VII

MADRAS FERTILIZERS LIMITED

MANALI, CHENNAI 600 068

FORM NO. AOC – 2

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

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

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

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

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

S.No.	Particulars	Details
a)	Name (s) of the related party	M/s. Indian Oil Corporation Ltd
	Nature of relationship	At arm's length price
b)	Nature of contracts/ arrangements/ transaction	Supplier of LNG
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	₹ 914.28 Cr

Chennai
Aug 28, 2020.

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



MADRAS FERTILIZERS LIMITED

MANALI, CHENNAI 600 068

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

1. A brief outline on Companies CSR Policy

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

2. Composition of CSR Committee :

As per Section 135 of Companies Act, 2013, the CSR Committee of the Board consisting of 3 or more directors out of which one director shall be an independent Director. CSR Committee was present till June 05, 2019. Further, MFL is vigorously following up with Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India, for appointment of Independent Directors. Once the Independent Directors are appointed by DOF, GOI the Company will reconstitute the CSR Committee as per the Companies Act, 2013.

3. Average net profit of the Company for the : Not applicable
last three financial years

4. Prescribed CSR Expenditure : Not applicable

5. Details of CSR Expenditure for the financial
year 2019-20 : As below

Total amount spent for the financial year : ₹ 9.24 lacs

(₹ in lacs)

1	2	3	4	5	6	7	8
S.No.	CSR Project or activity identified	Sector in which the Project covered	Project or programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) Project or program wise	Amount spent on the projects or programs sub-heads : (1) Direct Expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent : Direct or through implementing agency
1	Donation of food materials for flood affected public in Nilgiris District	-	Ayyankoli Village, Nilgiris Dist	-	-	-	1.61
2	Armed Forces Flag Day Fund	-	Tiruvottriyur Taluk	-	-	-	1.00



MADRAS FERTILIZERS LIMITED

(₹ in lacs)

1	2	3	4	5	6	7	8
S.No.	CSR Project or activity identified	Sector in which the Project covered	Project or programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) Project or program wise	Amount spent on the projects or programs sub-heads : (1) Direct Expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent : Direct or through implementing agency
3	Supply of Potable Water through pipelines to Harikrishnapuram Village (Near 500 families)	-	Near Manali Chennai	5.43	-	-	5.43
4	Supply of School bags and kits to Students of Govt School at Mathur for National Unity Day Celebrations	-	Near Manali Chennai	-	-	-	1.20
	Total						9.24

Chennai
Aug 28, 2020

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



CERTIFICATE BY CEO AND CFO PURSUANT TO 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 31.03.2020 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.

Place : Chennai
Date : Aug 28, 2019

U Saravanan
Chairman & Managing Director

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

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

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

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

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) 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, 2020 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	ULAGANATHAN SARAVANAN	07274628	13/08/2015
2	FARZAD BAHRAMI BAVANI	05352239	18/02/2017
3	MOHAMMAD BAGHER DAKHILI	07704367	18/02/2017
4	LALSANGLUR	08118636	10/04/2018
5	SIYA SHARAN	07401363	21/12/2018
6	BABAK BAGHERPOUR	08341090	23/10/2018
7	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/-
V.Esaki

Membership No : 30353

CP No : 11022

UDIN : A030353B000549740

Place : Chennai

Date : 04/08/2020



ANNUAL BUSINESS RESPONSIBILITY REPORT (ABRR) – FY 2019-20

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L32201TN1966GOI005469
2	Name of the Company	MADRAS FERTILIZERS LIMITED
3	Registered address	POST BOX NO.2 MANALI, CHENNAI 600068
4	Website	www.madrasfert.co.in
5	E-mail id	cs@madrasfert.co.in; cosec@madrasfert.co.in
6	Financial Year reported	2019-20
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Group – 241 Class – 2412 Sub Class – 24123 – Manufacture of urea and other organic fertilizers & 24124 - Manufacture of mixed, compound or complex fertilizers
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Urea & Complex Fertilizers
9	Total number of locations where business activity is undertaken by the Company (a) Number of International Locations (Provide details of major 5) (b) Number of National Locations	One
10	Markets served by the Company – Local/State/ National/International	States – Tamilnadu, Telengana, Andhra Pradesh, Kerala, Karnataka and Pondicherry

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (INR)	₹ 161.10 Cr
2	Total Turnover (INR)	₹ 1287.39 Cr
3	Total profit after taxes (INR)	(₹ 134.88 Cr)
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	₹ 9.24 lacs
5	List of activities in which expenditure in 4 above has been incurred:-	Donation of food materials for flood affected public in Nilgiris District, Contribution to Armed Forces Flag Day fund, Supply of Potable water through pipelines to Harikrishnapuram Village and supply of school bags and kits to students of Government School at Mathur for National Unity Day celebrations.



SECTION C: OTHER DETAILS

1	Does the Company have any Subsidiary Company/ Companies?	N.A.
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	N.A.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	N.A.

SECTION D : BR Information

1	Details of Director / Directors responsible for BR	
	Details of the Director/ Director responsible for implementation of the BR Policy / Policies	
	• DIN Number	07274628
	• Name	Shri U Saravanan
	• Designation	Chairman & Managing Director

a) Details of BR head

Sl. No.	Particulars	Details
1	DIN Number (if applicable)	NA
2	Name	Dr Girish Kumar
3	Designation	Company Secretary
4	Telephone number	044-25945489
5	E-mail ID	cs@madrasfert.co.in

2. Principle-wise (as per NVGs) BR Policy/Policies (Reply in Y/N)

Name of the principles :

- P 1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability;
- P 2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle;
- P 3 Businesses should promote the well –being of all employees;
- P 4 Businesses should respect in the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised
- P 5 Businesses should respect and promote human rights
- P 6 Businesses should respect, protect and make efforts to restore the environment
- P 7 Businesses when engaged in influencing public and regulatory policy should do so in a responsible manner



P 8 Businesses should support inclusive growth and equitable development

P 9 Businesses should engage with and provide value to their customers and consumers in a responsible manner

S.No.	Questions	P	P	P	P	P	P	P	P	P
		1	2	3	4	5	6	7	8	9
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	NA	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Company policies have been formulated in compliance to applicable statutes / guidelines / rules / regulations of the Government of India. These policies were formulated keeping in view industry best practices and standards.								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	NA	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y
6	Indicate the link for the policy to be viewed online?	www.madrasfert.co.in								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
8	Does the company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	NA	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Being a responsible PSU, the Company follows all policies in working conditions. Company's operations are audited annually by internal and external agencies.								

Note: P 7 has been marked as NA. The company always complies with all applicable regulations issued by Statutory bodies. It transparently discloses its environmental and social parameters in public platforms.



3. Governance related to BR

*	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3–6 months, Annually, More than 1 year Annually.
*	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? Business Responsibility Report is being published in the annual report may be assessed at the website of our company www.madrasfert.co.in .

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?
Yes. It extends to stakeholders.
2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.
The company has received 127 complaints and all the complaints were redressed in full (ie. 100%) and there is no pending as of March 31, 2020.

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
 - i. Urea
 - ii. Complex Fertilizers
 - iii. Organic Fertilizers
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):
 - i. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?
 - ii. The company has taken up various measures for reducing its energy consumption complemented by regular audit of all its installations.
 - iii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?
The company has taken up various measures for reducing its energy consumption complemented by regular audit of all its installations.



3. Does the company have procedures in place for sustainable sourcing (including transportation)?

- i. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Yes, sustainability and sustainable development has been embedded in work practices as a corporate mantra.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

Yes, being a Central Public Sector Enterprise (CPSE), the companies procurement policy and practices are guided by the Government Policies and practices. These are based on transparent procurement mechanisms which promotes procurement from technically competent suppliers. However, care is also taken for the interest of local suppliers and contractors within the frame work of the guidelines issued by the Government of India.

- i. If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company has always encouraging and promoting local suppliers in its tendering process as per Government Guidelines.

- ii. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Yes, solid waste such as condemned equipment and packing materials are auctioned per procedure of the company and waste water are treated through TTP plant.

Principle 3

- Please indicate the Total number of employees – 571
- Please indicate the Total number of employees hired on temporary/contractual/casual basis. 2000 (approx.)
- Please indicate the Number of permanent women employees – 42.
- Please indicate the Number of permanent employees with disabilities - 5
- Do you have an employee association that is recognized by management. - Yes
- What percentage of your permanent employees is members of this recognized employee association? – 95%
- Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labour/ forced labour/involuntary labour	Nil	
2	Sexual harassment		
3	Discriminatory employment		

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

Training has been given to 522 employees during the period April 2019 – March 2020 soft and life skills for the enduring benefit and development of organisation. i.e. 91.42%.



Principle 4

1. Has the company mapped its internal and external stakeholders?
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

Yes the company complies with government directives for upliftment of weaker sections of the society. It is fully committed to the welfare of marginalised and vulnerable sections of society. The company has number of policies in place to address the interest of all the stakeholders. As a CPSE, the company pursues all such policies as mandated by the Government. The Corporate Social Responsibility and Sustainable Development along with host of policies of the Government of India are directed towards disadvantaged, vulnerable and marginalised sections of the society.

Principle 5

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

All policies of the company take into account the human rights not only employees but also people likely to be affected by the operations of the company. The company committed to conduct its business operations and strategies with the universally accepted principles in the area of human rights, child labour, anti corruption and environment. The company embraces and supports those principles particularly that on human rights viz. businesses should support and respect the protection of internationally proclaimed human rights and make sure that they are not complicit in human rights abuses. Company also implemented various inhouse policies like service rules, leave rules. Gratuity rules, PF rules, etc., to conform to human rights values. The company has also implemented fair wage policy for contractors to provide them wages and other statutory and non-statutory benefits.

Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

The Company is complying with the provisions of applicable Environmental laws and it extends to Stakeholders.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Yet to be undertaken.

3. Does the company identify and assess potential environmental risks? Y/N

Company is following in letter and spirit the applicable Environmental laws. Hence Company has not identified and assessed potential Environmental risks.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Yet to be undertaken.



5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yet to be undertaken.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes. It is within the permissible limits.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Nil.

Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

(a) Fertilizer Association of India

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Yes. The broad areas are

- a) to promote the balance and efficient use of fertilizer,
- b) to encourage the use of more and better plant foods
- c) to promote consideration and discussion of all questions that contribute to sound agricultural practices and
- d) Ensuring food security through balanced and efficient use of plant nutrients towards advancement / improvement of public good.

Principle 8

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Yes

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

Government structures

3. Have you done any impact assessment of your initiative?

Yes from time to time.

4. What is your company's direct contribution to community development projects-Amount in INR and the details of the projects undertaken.



5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

For 4 & 5

The company has taken steps to ensure the Community development under CSR activities such as donation of food materials for flood affected public in Nilgiris District, Contribution to Armed Forces Flag Day fund, Supply of Potable water through pipelines to Harikrishnapuram Village and supply of school bags and kits to students of Government School at Mathur for National Unity Day celebrations

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.
Nil
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)
Yes.
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.
Nil.
4. Did your company carry out any consumer survey/ consumer satisfaction trends?
Yes as applicable.



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

- ❖ Madras Fertilizers Limited (MFL) has submitted its Financial Statements for Financial Year 2019-20 vide its letter dated 01.09.2020 with the Comptroller and Auditor General of India (CAG).
- ❖ Subsequently, officials of MFL are continuously following up with the CAG for Comments Under Section 143 (6) (b) of the Companies Act, 2013.
- ❖ Further MFL has written Letters dated 25/11/2020 and 27/11/2020 to CAG for expediting in the matter.
- ❖ However, due to COVID-19, CAG is yet to issue Comments on the Financial Statements of MFL till 02.12.2020.
- ❖ Keeping in view of compliance of the relevant Provisions of the Companies Act, 2013 in letter and spirit, MFL has to give clear 21 days Notice for Annual General Meeting to Shareholders.
- ❖ Since the matter is beyond the control of MFL, MFL will circulate the Comments of CAG on the Financial Statements, as and when MFL will receive the same from the CAG.



MADRAS FERTILIZERS LIMITED

COMMENTS OF THE STATUTORY AUDITORS M/s J V RAMANUJAM & CO., CHARTERED ACCOUNTANTS, CHENNAI ON THE ACCOUNTS OF MADRAS FERTILIZERS LIMITED FOR THE YEAR 2019-20	THE COMPANY'S REPLIES UNDER SECTION 134 (3)(f) OF THE COMPANIES ACT, 2013
<p>We draw attention to Note 34 of the financial statements, which discloses that fair valuation of investment in unquoted shares of Indian Potash Limited has been carried out by an external valuer. The Valuer, as on 31.03.2020 had fair valued the investment using Net Asset Value (NAV) and Comparable Company Market (CCM) Multiple Method and the value assessed was Rs.1325.95 per share and Rs.1783.49 per share respectively. The company adopted CCM Multiple Method to ascertain the fair value of the investments held as on 31.03.2020. We observed that there is (i) increase of 33% in projected Sales for 2019-20 vs Actual Sales for 2018-19, when compared to 16.88% in 2018-19 Vs 2017-18, and (ii) projected PAT has increased by 90.88% for 2019-20 Vs Actual for 2018-19 when compared to decrease of 1.22% 2018-19 vs 2017-18. Since such high growth in Sales and PAT is estimated, the same should be supported with adequate evidence. In the absence of the same we are not able to rely on the Valuation Report for Fair Value arrived for Equity shares of Indian Potash Limited (IPL). Further we are not able to assess the Fair Value of IPL due to lack of information. Due to the aforementioned we are unable to quantify the financial effects on the Total Comprehensive Income and Financial Assets.</p>	<p>Certain financial assets and liabilities in the Company are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where observable inputs are not available, the Company engages third party qualified valuers to perform the valuation.</p> <p>The Company has investments in Indian Potash Limited to the tune of 15,84,000 nos of shares. The Company has engaged third party qualified registered valuer for valuation of the investment in IPL and have classified in the books of accounts as FVOCI and the same is disclosed in Significant Accounting Policies.</p> <p>As the valuation is done by the independent registered valuer and the valuation is being done for the past 3 years. The valuation is purely based on assumptions due to non-availability of data. The valuation method which is beneficial to the entity is adopted and the same was also disclosed in notes to Accounts. Taking into account the assumptions and justifications given, the Company has adopted the report and accounted the same and is in order.</p>

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

For J V Ramanujam & Co
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
CA. SRI NARAYANA JAKHOTIA
Partner
 M. No. 233192
 FRN 0002947S
 Aug 28, 2020

Sd/-
U SARVANAN
Chairman & Managing Director

 Aug 28, 2020



Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (Standalone and Consolidated separately)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
			(Rs Cr)	(Rs Cr)
	1.	Total income	1287.39	1287.39
	2.	Total Expenditure	1422.27	1422.27
	3.	Net Profit/(Loss)	(55.62)	(55.62)
	4.	Earnings Per Share	(8.37)	(8.37)
	5.	Total Assets	1527.79	1527.79
	6.	Total Liabilities	1527.79	1527.79
	7.	Net Worth	(630.89)	(630.89)
	8.	Any other financial item(s) (as felt appropriate by the management)		

II. Audit Qualification (each audit qualification separately):

a. Details of Audit Qualification:

We draw attention to Note 34 of the financial statements, which discloses that fair valuation of investment in unquoted shares of Indian Potash Limited has been carried out by an external valuer. The Valuer, as on March 31, 2020 had fair valued the investment using Net Asset Value (NAV) and Comparable Company Market (CCM) Multiple Method and the value assessed was Rs.1325.95 per share and Rs.1783.49 per share respectively. The company adopted CCM Multiple Method to ascertain the fair value of the investments held as on March 31, 2020. We observed that there is (i) increase of 33% in projected Sales for 2019-20 vs Actual Sales for 2018-19, when compared to 16.88% in 2018-19 Vs 2017-18, and (ii) projected PAT has increased by 90.88% for 2019-20 Vs Actual for 2018-19 when compared to decrease of 1.22% 2018-19 vs 2017-18. Since such high growth in Sales and PAT is estimated, the same should be supported with adequate evidence. In the absence of the same we are not able to rely on the Valuation Report for Fair Value arrived for Equity shares of Indian Potash Limited (IPL). Further we are not able to assess the Fair Value of IPL due to lack of information. Due to the aforementioned we are unable to quantify the financial effects on the Total Comprehensive Income and Financial Assets.

b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion

Qualified



c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing
First time

d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:
Impact not quantified by the auditor.

e. For Audit Qualification(s) where the impact is not quantified by the auditor:

(i) Management's estimation on the impact of audit qualification:

Not quantifiable.

(ii) If management is unable to estimate the impact, reasons for the same:

Fair value of financial instruments should be determined in accordance with the principles enunciated in Ind As 113 – Fair Value Measurement. Fair value has been defined under Ind As 113 as “Fair Value Measurements” and generally it will be quoted prices of that equity investment which are quoted or fair value as calculated using valuation techniques in case Unquoted equity investments.

In case of observable inputs are not readily available, company engages the professional services of independent third party qualified valuers to perform the valuation.

As the company has investment to the tune of 15,84,000 number of equity shares in Indian Potash Limited (IPL), which is a closely held company and not traded in the open market, observable inputs are not readily available for measurement of the fair value.

Accordingly, MFL has engaged independent certified valuer for valuation of the investment in IPL and have classified in the books of accounts as Fair Value through Other Comprehensive Income (FVOCI) and it is disclosed in significant Accounting Policies.

The fair valuation of the investment has been done by the valuer for past three years and taking into account the assumptions and justifications given in report. The Valuer, had fair valued the investment using Net Asset Value (NAV) and Comparable Company Market (CCM) Multiple Method and recommended for valuation at higher value of the above two methods.

As opposed to the auditor's observation of the company adopted CCM Method to ascertain the fair value of the investments held as on March 31, 2020, it is the recommendation of the valuer for the same and the company has adopted the report and accounted the same.

The method of valuation at higher value of the two methods same is followed consistently for last three years and also accepted by the auditors during the previous years. There is no change in the policy for the current year.

Neither the company nor the auditor is not able to assess the Fair Value of Indian Potash Limited due to lack of information. The company is also not technically competent to carry out fair valuation of Equity Shares.

Hence the accounting is in order.



(iii) Auditors' Comments on (i) or (ii) above:

We observed that there is (i) increase of 33% in projected Sales for 2019-20 vs Actual Sales for 2018-19, when compared to 16.88% in 2018-19 Vs 2017-18, and (ii) projected PAT has increased by 90.88% for 2019-20 Vs Actual for 2018-19 when compared to decrease of 1.22% 2018-19 vs 2017-18. Since such high growth in Sales and PAT is estimated, the same should be supported with adequate evidence. In the absence of the same we are not able to rely on the Valuation Report for Fair Value arrived for Equity shares of Indian Potash Limited (IPL).

We are not Registered Valuers hence not technically competent to calculate Fair Value of Equity share of IPL. However, since we are not reasonably satisfied with the Valuation carried out by the external valuer we had to provide a Qualified Audit Report owing to the fact that value involved is material.

III Signatories:

Sd/-

Chairman & Managing Director

Sd/-

General Manager – F&A (a/c)

Sd/-

Audit Committee Chairman

Sd/-

Statutory Auditor

Place : Chennai

Date : August 28, 2020



INDEPENDENT AUDITORS' REPORT

To the Members of Madras Fertilizers Limited

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying amended and restated financial statements of **Madras Fertilizers Limited, Manali**, which comprise the amended and restated Balance Sheet as at March 31, 2020, and the amended and restated Statement of Profit and Loss (including Other Comprehensive Income), the amended and restated Statement of Changes in Equity and the amended and restated Statement of Cash Flows for the year then ended and a summary of the 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, except for the matters mentioned in the 'Basis of Qualified Opinion' section of our report, the aforesaid amended and restated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2020; and its Loss after Tax, Total Comprehensive Loss, the changes in Equity, and Cash Flows for the year ended on that date.

Basis of Qualified Opinion

We draw attention to Note 34 of the financial statements, which discloses that fair valuation of investment in unquoted shares of Indian Potash Limited has been carried out by an external valuer. The Valuer, as on March 31, 2020 had fair valued the investment using Net Asset Value (NAV) and Comparable Company Market (CCM) Multiple Method and the value assessed was Rs.1325.95 per share and Rs.1783.49 per share respectively. The company adopted CCM Multiple Method to ascertain the fair value of

the investments held as on March 31, 2020. We observed that there is (i) increase of 33% in projected Sales for 2019-20 vs Actual Sales for 2018-19, when compared to 16.88% in 2018-19 Vs 2017-18, and (ii) projected PAT has increased by 90.88% for 2019-20 Vs Actual for 2018-19 when compared to decrease of 1.22% 2018-19 vs 2017-18. Since such high growth in Sales and PAT is estimated, the same should be supported with adequate evidence. In the absence of the same we are not able to rely on the Valuation Report for Fair Value arrived for Equity shares of Indian Potash Limited (IPL). Further we are not able to assess the Fair Value of IPL due to lack of information. Due to the aforementioned we are unable to quantify the financial effects on the Total Comprehensive Income and Financial Assets.

Emphasis of Matter

- i. We draw attention to Note 47 regarding
 - a. Accounting of a sum of Rs.144.46 Crores towards de-escalation in input prices which has been considered as payable to Fertilizer Industry Coordination Committee (FICC) for the year ended March 31, 2020 under New Pricing Scheme (NPS) for Urea. Adjustments may arise in future in respect of the above on final payment.
 - b. Accounting of a sum of Rs.16.26 Crores of subsidy claim for additional fixed cost of Rs.350/ MT of Urea as envisaged in the modified NPS III Policy announced by DOF dated April 02, 2014, the notification of which is awaited.
 - ii. We draw attention to Note 43 (g) regarding balances in Long term borrowings and Other current liabilities from GOI, Trade Receivable/ Payables, Claim recoverable and loans and advances are subject to confirmation and consequential adjustments;
- Our opinion is not modified in respect of the above matters.



Restatement of Financial Statements

Without modifying our opinion, we draw attention to the following which explains that the amended and restated Financial Statements for the year ended March 31, 2020 have been restated from those which were originally reported on June 19, 2020.

The Company has accounted subsidy income of Rs.64.97 Crore towards additional compensation for Nutrient Based Subsidy (NBS) for producing P&K fertilizers. We observed that during FY 2015-16 based on the Order of SEBI dated December 16, 2015, regarding reversal of Additional Compensation for NPK, for the FY 2012-13, the Company has reversed entire amount of Additional Compensation recognized during FY 2012-13 (₹ 47.40 Cr), 2013-14 (₹ 20.80 Cr) and 2014-15 (₹ 23.80 Cr) totalling to ₹ 92 Cr. Hence SEBI has sought clarification regarding the same and directed the company to place the matter before its Audit Committee for further review. Based on the instructions issued by the Securities and Exchange Board of India (SEBI), The Annual Accounts for FY 2019-20 was submitted for further review to the Audit Committee in its meeting held on August 13, 2020. Accordingly, the Audit Committee reviewed it and advised that the Company may restate the Annual Accounts and reverse the booking of Additional compensation of Rs.64.97 Crores. The Additional Compensation may be taken into account only as and when final order will be received from the Department of Fertilizers, Government of India.

The above restatement has been modified to include brief note instead of drawing attention based on the comments of the CAG. This report replaces our earlier Report dated August 28, 2020.

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 thereunder, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sl. No	Key Audit Matter	Auditors' Response
1	Revenue Recognition – Sale of goods Revenue from sale of goods is recognized when the control of goods is transferred to the customers. In terms of the application of the new revenue accounting standard Ind AS 115 (Revenue from Contracts with Customers), for some contracts, control is transferred either when the product is delivered to the customer's site or when the product is shipped, depending on the	We have performed the following principal audit procedures in relation to revenue recognised. <ul style="list-style-type: none"> Understood the revenue recognition process, evaluated the design and implementation, and operating effectiveness of internal controls relating to revenue recognised. Selected samples and tested the operating effectiveness of internal controls, relating to transfer



Sl. No	Key Audit Matter	Auditors' Response
	<p>applicable terms. The Management has exercised judgement in applying the revenue accounting policy while recognising revenue.</p>	<p>of control. We carried out a combination of procedures involving enquiry, observation and inspection of evidence in respect of operation of these controls.</p> <ul style="list-style-type: none"> • Tested the relevant information technology general controls, automated controls, and the related information used in recording and disclosing revenue. • In respect of the selected sample of transactions: <ul style="list-style-type: none"> ➤ Tested whether the revenue is recognised upon transfer of control to customer. ➤ We have evaluated the delivery and shipping terms of the contracts for revenue recognised during the period. ➤ We have also tested the location stock reports from Company warehouses, where applicable, for confirmation on sales quantity made during the year. ➤ Tested that the revenue recorded is after considering the applicable rebates and discounts. ➤ For samples near to period end, tested the acknowledgments of customers.
	<p>Subsidy income / Government subsidies and related receivables</p> <p>Refer to note 3 (f) 'Revenue' and note 2(d)(iv) 'Use of estimates and judgements' to the financial statements. Subsidy income pertaining to the Nutrient and other allied business is recognised on the basis of the rates notified from time to time by the Department of Fertilizers, Government of India ('GOI') in accordance with the Nutrient Based Subsidy ('NBS') policy on the quantity of fertilizers sold by the Company for the period for which notification has been issued and for the remaining period, based on estimates, when there is a reasonable assurance that the Company will comply with all necessary conditions attached to Subsidy including Direct Benefit Transfer ('DBT') System which was introduced by Government of India.</p>	<p>The following principal audit procedures have been performed by us in relation to subsidy income recognition.</p> <ul style="list-style-type: none"> • We have read the relevant circulars and notifications issued by GOI from time to time with regard to the subsidy policies. • We have had robust interactions with the relevant personnel in the Company with regard to updates of GOI Policy, their interpretations of the relevant circulars and notifications. • Tested the relevant information technology general controls, automated controls, and the related information used in recording and disclosing subsidy income. • We have tested the NBS rates considered by the Company for the product subsidy with the applicable circulars and notifications. • We have correlated the sales quantity considered for subsidy income with the actual sales made by the Company. • We have also agreed the quantities sold as per the Company books with the customer acknowledgements as per the iFMS portal of the Department of Fertilizers and tested the DBT claims made by the Company.



MADRAS FERTILIZERS LIMITED

Sl. No	Key Audit Matter	Auditors' Response
		<ul style="list-style-type: none"> We have enquired from the Management and discussed with the Board of Directors, the appropriateness of the subsidy rates applied to recognise subsidy income. <p>Valuation of subsidy receivables: Following are the principal audit procedures performed on testing of valuation of subsidy receivables:</p> <ul style="list-style-type: none"> We have analysed and discussed the status of outstanding subsidy receivables and its realisability with the Management. We have tested the sanction notes received from the GOI for receipts. We have tested the credits in the bank statements for the receipts. We have tested whether the deductions made by the GOI have been adjusted in the books of accounts.
3	<p>Property, Plant and Equipment</p> <p>Management judgement is utilised for determining the carrying value of property, plant and equipment, intangible assets and their respective depreciation/ amortization rates. These include the decision to capitalise or expense costs; the annual asset life review; the timelines of the capitalisation of assets and the measurement and recognition criteria for assets retired from active use. Please refer accounting policy.</p>	<p>We have done verification of controls in place over the fixed assets cycle, evaluated the appropriateness of capitalisation process, performed tests to verify the capitalised costs, assessed the timelines of the capitalisation of the assets and assessed the derecognition criteria for assets retired from active use.</p> <p>Useful life review of assets has been assessed by the management. In performing these procedures, we reviewed the judgements made by management including the nature of underlying costs capitalised; determination of realizable value of the assets retired from active use; the appropriateness of asset lives applied in the calculation of depreciation/ amortization; and the useful lives of assets prescribed in Schedule II of the Companies Act, 2013.</p>
4	<p>Provisions and Contingent Liabilities</p> <p>The Company is involved in certain legal and tax disputes and the assessment of the risks associated with the litigations is based on Management assumptions, which require the use of judgement and such judgement relates, primarily, to the assessment of the uncertainties connected to the prediction of the outcome of the proceedings.</p>	<p>Our audit procedure in response to same is included, among others,</p> <ul style="list-style-type: none"> Assessment of the process to identify legal and tax litigations, and pending administrative proceedings. Assessment of assumptions used in the evaluation of potential legal and tax risks performed by the legal and tax department of the Company considering the legal precedence and other rulings/judgement in similar cases. Analysis of opinion received from the tax consultant where available. Review of the adequacy of the disclosures in the notes to the financial statements.



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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's report, Management discussion and analysis and Report on corporate governance, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is no material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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 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 misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue

as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, 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 financial statements.

Paragraph 40(b) of this SA explains that the shaded material below can be located in an Appendix to the auditor's report. Paragraph 40(c) explains that when law, regulation or applicable auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor's responsibilities, rather than including this material in the auditor's report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditor's responsibilities below.

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

- Identify and assess the risks of material misstatement of the 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.



- 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 the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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.

Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those;
 - c) the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - e) The Ministry of Corporate Affairs has clarified that the provisions of sub section (2) of Section 164 the Companies Act, 2013 are not applicable to Government Companies.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of



MADRAS FERTILIZERS LIMITED

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:

- The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
- The Company has made provision, as required under the applicable law and Accounting standards, for material foreseeable losses, if any, on long-term contracts.
- There has been no delay in transferring amounts, required to be transferred, to the investor's education and protection fund by the Company.

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

SI No	Areas Examined	Suggested Replies
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 system in place to process all the accounting transactions through IT system.
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.	During the year, there was no Restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to Madras Fertilizers.
3	Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	During the year, No funds were received or are receivable for Specific Schemes from Central or State Agencies.

(4) Additional Company specific directions issued u/s 143(5) of the Companies Act, 2013 by C&AG:

Sl.No.	Sub Direction	Suggested Replies
4	Whether Subsidy was recognized as per the provisions of Direct Benefit Transfer Scheme?	Under Direct Benefit Transfer (DBT) scheme of GOI, the Company is entitled to receive subsidy only upon sale of fertilizer by the dealer to the ultimate beneficiary through Point of Sale (PoS) devices. However, the Company continues to account subsidy as income at the time of sale to dealers as in the earlier scheme, considering the reasonable assurance that the sale will take place and subsidy will be received based on the industry practice and past experience.

The above sub-direction is included in the report based on the direction of CAG.

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

(SRI NARAYANA JAKHOTIA)
Partner

Chennai
Oct 09, 2020

M. No: 233192
UDIN: 20233192AAAAAJ4792



“ANNEXURE A” TO INDEPENDENT AUDITORS’ REPORT

(Referred to in Paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date on the accounts of Madras Fertilizers Limited, Manali (“the Company”), for the year ended March 31, 2020)

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) According to the information and explanations given to us, physical verification of movable fixed assets is being conducted in a phased manner by the management under a programme designed to cover all the movable fixed assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and nature of its business. As per the information and explanations provided by the management, the same has been carried out during the financial year. Immovable Fixed Assets like plant and machinery is being inspected every year by an independent chartered engineer.
- (c) Title deeds of immovable properties were not provided to us for verification; hence we are unable to comment on the same.
- ii) (a) Physical verification of inventories inside factory premises and at Chennai Port has been carried out by a independent surveyor at year end and the physical verification of stocks of stores and spare parts has been conducted by an independent firm of Chartered Accountants on a ongoing basis so as to complete the verification of all items over the period of one year. Finished goods at warehouse are taken as per warehousing certificates. Warehousing certificates has not been received in a few cases, which however is not significant in value.
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion, the company has maintained proper records of inventory. We are informed that no major discrepancies were noticed on verification between the physical stock and book records.
- iii) According to the information given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore clauses (iii) (a), (iii) (b) and (iii)(c) of Paragraph 3 of the Order are not applicable to the Company.
- iv) The Company has complied with the provisions of the section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- v) According to the information and explanations given to us, the Company has complied with the provisions of Section 73 to 76, other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 with regard to deposits accepted from public. The Company has not accepted any deposits from public during the year within the meaning of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules 2014.
- vi) We have broadly reviewed the books of account and records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules 2014 prescribed by the Central Government under section 148(1) of the Companies Act, 2013, and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate and complete.
- vii) (a) According to the information and explanations given to us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess and any other statutory dues as applicable to it.



- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess and any other statutory dues were outstanding as at March 31, 2020 for a period of more than six months from the date they became payable except for the following:

Nature of Dues	INR Crores
Entry tax (Tamil Nadu)	2.53
VAT (Tamil Nadu)	2.51
Sales Tax under TNGST Act	7.79
Total	12.83

- (c) According to the information and explanations given to us, there are no dues of Income Tax Act, Excise Duty, Customs Duty, Value Added Tax, Sales Tax and Service Tax which have not been deposited with the appropriate authorities on account of any dispute.
- viii) Based on our audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, or dues to debenture holders except in respect of the default of repayment of principal amount of the following Government of India (GOI) Loans:

Nature of Loan	Year of Default	INR in Crores	Year of default	INR in Crores
GOI Loans	2004-05	23.49	2012-13	38.33
GOI Loans	2005-06	23.48	2013-14	45.78
GOI Loans	2006-07	24.89	2014-15	32.68
GOI Loans	2007-08	26.07	2015-16	32.68
GOI Loans	2008-09	27.03	2016-17	31.28
GOI Loans	2009-10	26.44	2017-18	30.09
GOI Loans	2010-11	27.34	2018-19	29.14
GOI Loans	2011-12	28.63	2019-20	28.25
			Total *	475.62

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

- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.

Accordingly, paragraph 3 (ix) of the Order is not applicable.

- x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the course of our Audit.
- xi) In respect of sl. no. (xi), being a Govt. Company, Section 197 of the Companies Act, 2013 is not applicable to the Company in view of Notification no. G.S.R. 463(E) dtd. 05-06-2015
- xii) The company is not a Nidhi Company. Therefore clause 3 (xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- xiii) According to the records of the Company examined by us and the information and explanations given to us, there are no related party transactions; accordingly clause (xi) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review, and therefore clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

(SRI NARAYANA JAKHOTIA)
Partner

Chennai
Oct 09, 2020

M. No: 233192
UDIN: 20233192AAAAAJ4792



“ANNEXURE B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MADRAS FERTILIZERS LIMITED

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

We have audited the internal financial controls over financial reporting of M/s Madras Fertilizers Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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



Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over

financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India and jointly controlled companies, which are companies incorporated in India, as of that date.

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

Chennai
Oct 09, 2020

(SRI NARAYANA JAKHOTIA)
Partner
M. No: 233192
UDIN: 20233192AAAAAJ4792



BALANCE SHEET

as at March 31, 2020

(₹ Crores)

	Note	31 March 2020	31 March 2019
Assets			
Non-current assets			
Property, plant and equipment	1	198.72	146.40
Capital work-in-progress	1	3.13	30.59
Investment property	1	1.22	1.22
Financial assets	2		
Investments	2A	282.50	197.91
Loans	2B	-	0.01
Other financial assets	2C	0.28	0.24
Other non-current assets	3	16.47	17.03
Total non-current assets		502.32	393.40
Current assets			
Inventories	4	250.76	280.86
Financial assets	5		
Trade receivables	5A	50.87	27.21
Cash and cash equivalents	5B	133.31	36.82
Loans	5C	7.07	0.91
Other financial assets	5D	556.04	815.31
Other current assets	6	27.42	13.78
Total current assets		1025.47	1,174.89
Total assets		1,527.79	1,568.29
Equity and liabilities			
Equity			
Equity share capital	7	162.14	162.14
Other equity	8		
Retained earnings		(805.42)	(749.80)
Other reserves		12.39	12.39
Total equity		(630.89)	(575.27)



MADRAS FERTILIZERS LIMITED

BALANCE SHEET

as at March 31, 2020 (Contd)

(₹ Crores)

	Note	31 March 2020	31 March 2019
Liabilities			
Non-current liabilities			
Financial liabilities	9		
Borrowings	9A	51.28	78.62
Provisions	10	42.44	38.61
Other non-current liabilities	11	1.78	2.55
Total non-current liabilities		95.50	119.78
Current liabilities			
Financial liabilities	12		
Borrowings	12A	1,749.49	1,572.97
Trade payables	12B	115.88	276.97
Other financial liabilities	12C	139.80	125.56
Provisions	13	10.07	8.76
Other current liabilities	14	47.94	39.52
Total current liabilities		2,063.18	2,023.78
Total equity and liabilities		1,527.79	1,568.29

Notes 1 to 55 form part of these financial statements.

/For and on behalf of the Board/

U SARAVANAN
Chairman & Managing Director

LALSANGLUR
Director

PRIYA RANJAN PANDA
General Manager-F&A (a/c)

Dr GIRISH KUMAR
Company Secretary

Aug 28, 2020

As per our Report of even date

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

CA SRI NARAYANA JAKHOTIA
Partner
M No 233192

Aug 28, 2020

**STATEMENT OF PROFIT AND LOSS**

for the year ended March 31, 2020

(₹ Crores)

	Note	for year ended 31 March 2020	for year ended 31 March 2019
Revenue from operations	15	1274.39	1,593.00
Other income	16	13.00	17.80
Total income		1287.39	1610.80
Expenses			
Cost of materials consumed	17	1152.43	1318.88
Purchase of stock - in - trade	18	5.57	3.82
Changes in inventories and finished goods	19	(78.60)	46.16
Employee benefit expenses	20	95.97	100.54
Finance costs	21	90.29	100.03
Depreciation	22	26.38	22.99
Other expenses	23	130.23	148.20
Total expenses		1422.27	1740.62
Profit/(Loss) before exceptional items and tax		(134.88)	(129.82)
Exceptional items	24	-	0.00
Profit/(Loss) after exceptional items and before tax		(134.88)	(129.82)
Tax expense:			
Current tax		-	-
Deferred tax		-	-
MAT credit		-	-
Income tax expense		-	-
Profit/(Loss) after tax (A)	C/o	(134.88)	(129.82)

**STATEMENT OF PROFIT AND LOSS**

for the year ended March 31, 2020 (Contd)

(₹ Crores)

	Note	for year ended 31 March 2020	for year ended 31 March 2019
Other comprehensive income (OCI)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit obligation (net of tax)	25	(5.33)	(2.39)
Fair valuation of IPL Investment		84.59	48.97
Items that will be reclassified subsequently to profit or loss		-	-
Total other comprehensive income not to be reclassified subsequently to profit or loss (B)		79.26	46.58
Total comprehensive income for the year (A+B)		(55.62)	(83.24)
Earnings per share	26		
Basic earnings per share (₹)		(8.37)	(8.06)
Diluted earnings per share (₹)		(8.37)	(8.06)

Notes 1 to 55 form part of these financial statements.

/For and on behalf of the Board/

U SARAVANAN
Chairman & Managing Director

LALSANGLUR
Director

PRIYA RANJAN PANDA
General Manager-F&A (a/c)

Dr GIRISH KUMAR
Company Secretary

Aug 28, 2020

As per our Report of even date

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

CA SRI NARAYANA JAKHOTIA
Partner
M No 233192

Aug 28, 2020

**CASH FLOW STATEMENT**

For the year ended 31 March 2020

(₹ Crores)

	2019-20	2018-19
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before Tax for the year	(134.88)	(129.82)
Adjustments for:		
Depreciation	26.38	22.99
Exceptional item (Depreciation)	0.00	0.00
Loss/(profit) from sale of Fixed Asset	(0.13)	(0.01)
Interest Expenses	90.29	100.03
Interest Income	(3.68)	(0.49)
Net gain arising on financial asset mandatorily measured at FVTPL	0.00	0.00
Unrealised Foreign Exchange Fluctuation Loss	0.00	2.94
Dividend Income	(0.24)	(0.24)
Operating Profit Before Working Capital Changes	(22.26)	(4.60)
Working capital adjustments		
(Increase)/Decrease in Inventories	30.10	(61.00)
(Increase)/Decrease in Trade Receivables	(23.66)	(7.16)
(Increase)/Decrease in Loans & Advances	(6.16)	0.12
(Increase)/Decrease in Other Assets	246.19	131.16
Increase/(decrease) in Provisions	(0.19)	4.48
Increase/(decrease) in Trade Payables	(161.09)	(107.78)
Increase/(decrease) in Other Liabilities	21.89	22.15
Cash generated from / (used in) Operations	84.82	(22.63)
Direct taxes paid (net of refunds)	-	-
Net Cash Flow from / (used) in Operating Activities (A)	84.82	(22.63)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(51.24)	(21.83)
Proceeds from sale of Fixed Assets	0.13	7.96
Interest Received	3.68	0.49
Dividend Received	0.24	0.24
Net Cash Flow from / (used) in Investing Activities (B)	(47.19)	(13.14)

**CASH FLOW STATEMENT**

For the year ended 31 March 2020 (Contd)

(₹ Crores)

	2019-20	2018-19
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	0.00	0.00
Net proceeds from/ (Repayment of) Term Borrowings	0.00	0.00
Net proceeds from Financial Assets	(0.03)	0.27
Net proceeds from Working capital and Short-term borrowings	94.60	90.56
Interest paid	(35.71)	(45.45)
Net Cash Flow from / (used) in Financing Activities (C)	58.86	45.38
Net increase/(decrease) in Cash & Cash Equivalents (A+B+C)	96.49	9.61
Cash & Cash Equivalents as at 1st Apr (Op. Bal)	36.82	27.21
Cash & Cash Equivalents as at 31st Mar (Cl. Bal.)	133.31	36.82
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on Hand	0.00	0.00
Remittance in Transit	0.00	0.00
Balance with banks:		
in Current and Cash Credit Accounts	0.08	0.07
in Term Deposits with less than 12 months maturity	133.23	36.75
Total Cash and Cash equivalents	133.31	36.82

Notes 1 to 55 form part of these financial statements.

/For and on behalf of the Board/

U SARAVANAN
Chairman & Managing Director

LALSANGLUR
Director

PRIYA RANJAN PANDA
General Manager-F&A (a/c)

Dr GIRISH KUMAR
Company Secretary

Aug 28, 2020

As per our Report of even date

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

CA SRI NARAYANA JAKHOTIA
Partner
M No 233192

Aug 28, 2020

**Statement of Changes in Equity**

For the year ended 31 March 2020

(₹ Crores)

a. Equity share capital

Balance as at 1 April 2019	162.14	162.14
Changes in equity share capital during 2019-20	-	-
Balance as at 31 March 2020	162.14	162.14

b. Other equity

(₹ Crores)

	Reserves and surplus		
	Securities Premium	Retained earnings	Total
Total comprehensive income for the year ended 31 March 2019	12.39	(749.80)	(737.41)
Loss	-	(134.88)	(134.88)
Other comprehensive income (net of tax)	-	79.26	79.26
Total comprehensive income	-	(55.62)	(55.62)
Balance as at 31 March 2020	12.39	(805.42)	(793.03)



MADRAS FERTILIZERS LIMITED

Notes to the financial statements Property, plant and equipment As at 31 March 2020

Note -1

	Gross block			Accumulated depreciation		Net block	
	As at 31 March 2019	Additions	Deductions / adjustments March 2020	As at 31 March 2019	For the year adjustments 31 March 2020	As at 31 March 2020	As at 31 March 2019
Land *	0.72		0.72	-	-	0.72	0.72
Road, bridges and other facilities	2.38	0.49	2.87	0.09	0.43	2.35	2.29
Railway siding **	0.09		0.09	0.03	0.02	0.04	0.06
Buildings	6.35	3.07	9.42	1.12	0.38	7.92	5.23
Plant and machinery	197.23	74.45	271.68	62.01	24.77	184.90	135.22
Automotive and service equipment	1.44	0.41	0.07	0.24	0.21	1.40	1.20
Lab equipment	0.53		0.50	(0.28)	0.29	0.52	0.80
Office equipment	1.03	0.03	1.06	0.69	0.17	0.20	0.35
Furniture and fittings	0.45	0.23	0.68	0.13	0.07	0.48	0.32
Air conditioner and water cooler	0.29	0.02	0.05	0.08	0.04	0.19	0.21
Capital work in progress	30.59	30.79	3.13	-	-	3.13	30.59
Investment property	1.25		1.25	0.03	0.03	1.22	1.22
Total	242.35	109.49	60.32	64.14	26.38	203.07	178.20

The Company has elected the previous GAAP carrying amounts as deemed cost on the date of transition for Property, plant & equipment and Capital work in progress. Hence, net block as at March 31, 2016 is considered as opening gross block as at April 1, 2016

* Includes

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

b) ₹ 0.51 Cr being payment for about 78 grounds of land allotted by Chennai Metropolitan Development Authority, the title for which has since been passed to the Company.

** 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.

The Company has performed fair valuation for its investment property and provided below are the values:

- a. Vijayawada bio building - 0.10 Crore
- b. Vijayawada bio land - 4.88 Crore
- c. Land rented to CPCL - 21.17 Crore
- d. Vacant land in Manali - 544.41 Crore
- e. Vacant land in Gujarat - 0.05 Crore
- f. Vacant land in Guindy - 43.77 Crore

There is no impairment loss identified for the assets.



NOTES TO FINANCIAL STATEMENTS

2 Financial assets

(₹ Crores)

A. Investments

	As at 31 March 2020	As at 31 March 2019
--	---------------------------	---------------------------

Trade investment- unquoted

Indian Potash Limited 15,84,000 Equity Shares (P.Y 15,84,000) of ₹ 10 each fully paid. These are valued at the fair value at each reporting date.

	282.50	197.91
--	--------	--------

Fortune Bio-Tech Ltd (12,50,000 shares of ₹ 10 each fully paid. The fair value of the investment has been assessed as 'Nil' by the management)

	-	-
--	---	---

	282.50	197.91
--	---------------	---------------

B. Loans

Secured loans

	-	0.01
--	---	------

(Secured against Mortgage of Title Deeds)

Unsecured:

- Employee loans

	-	-
--	---	---

	0.01	
--	-------------	--

C. Other financial assets - Non current

Rental deposits

	0.28	0.24
--	------	------

	0.28	0.24
--	-------------	-------------

3 Other non-current assets

Deposits with government departments and others

	14.75	14.70
--	-------	-------

Balances with customs, port trust and excise authorities

	0.94	1.10
--	------	------

Lease equalization reserve

	0.78	1.21
--	------	------

Prepaid rent

	-	0.01
--	---	------

Prepaid staff cost

	-	0.01
--	---	------

	16.47	17.03
--	--------------	--------------

4 Inventories

Stock in trade

Raw materials on hand

	67.82	118.94
--	-------	--------

Raw materials in transit

	-	62.46
--	---	-------

Work-in-progress

	65.47	13.45
--	-------	-------

Finished products

Fertilizers

	30.11	3.53
--	-------	------

Agro chemicals

	-	-
--	---	---

Stores and spares

On hand

	67.68	57.92
--	-------	-------

In transit

	6.59	18.00
--	------	-------

Loose tools

	0.21	0.29
--	------	------

Others

Catalysts

	10.20	1.21
--	-------	------

Packing materials

	2.68	5.06
--	------	------

	250.76	280.86
--	---------------	---------------



MADRAS FERTILIZERS LIMITED

5 Financial assets

(₹ Crores)

As at
31 March
2020

As at
31 March
2019

A. Trade receivables Secured

a. Considered good	50.87	27.21
b. Considered doubtful	4.44	4.44
Less: Impairment on trade receivables	(4.44)	(4.44)
	<u>50.87</u>	<u>27.21</u>

B. Cash and cash equivalents

Cash on hand	0.00	0.00
Balances with scheduled banks		
In current account	0.08	0.07
Term deposits	133.23	36.75
	<u>133.31</u>	<u>36.82</u>

C. Loans

a) Unsecured

Staff advances		
i. Considered good	7.07	0.91
	<u>7.07</u>	<u>0.91</u>

D. Other financial assets

Claims recoverable		
-GOI Subsidy	481.89	706.52
-GST-ITC	68.55	95.33
-Others	6.61	14.47
Less : Provision for impairment	(1.01)	(1.01)
	<u>556.04</u>	<u>815.31</u>

6 Other current assets

Prepaid expenses	14.13	11.11
Prepaid rent	0.02	0.01
Prepaid staff cost	-	0.04
Advances recoverable in cash or in kind or for value to be received	12.84	2.36
Lease equalization reserve	0.43	0.26
	<u>27.42</u>	<u>13.78</u>



MADRAS FERTILIZERS LIMITED

7 Equity share capital

	(₹ Crores)	
	As at 31 March 2020	As at 31 March 2019
Authorised		
17,50,00,000 equity shares of INR 10 each	175.00	175.00
19,00,00,000 preference shares of INR 10 each	190.00	190.00
	365.00	365.00
Issued, Subscribed and paid up capital		
16,11,01,300 equity shares of INR 10 each fully paid up	161.10	161.10
Forfeited Shares		
20,76,600 equity shares of INR 5 paid up	1.04	1.04
	162.14	162.14

Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
Equity shares				
At the commencement of the year	16,11,01,300	161.10	16,11,01,300	161.10
Shares issued for cash	-	-	-	-
Shares bought back	-	-	-	-
At the end of the year	16,11,01,300	161.10	16,11,01,300	161.10
Add : Shares Forfeited at the beginning of the period	20,76,600	1.04	20,76,600	1.04
	16,31,77,900	162.14	16,31,77,900	162.14

Particulars of shareholders holding more than 5% shares of equity shares

	As at 31 March 2020		As at 31 March 2019	
	Number	% of total shares	Number	% of total shares
Equity shares of ₹ 10 each fully paid-up held by -				
Government of India	9,58,51,700	59.50	9,58,51,700	59.50
Naftiran Intertrade Co. Ltd	4,15,16,500	25.77	4,15,16,500	25.77
Public (collectively)	2,58,09,700	14.73	2,58,09,700	14.73



MADRAS FERTILIZERS LIMITED

8 Other equity

	(₹ Crores)	
	As at 31 March 2020	As at 31 March 2019
Retained earnings	(805.42)	(749.80)
Other reserves		
Securities premium		
Opening balance	12.39	12.39
Addition / (utilization) during the period	-	-
Closing balance	12.39	12.39
Total other equity	(793.03)	(737.41)

Securities premium

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

9 Financial liabilities

A. Borrowings

Unsecured loans

	51.28	78.62
Government of India ('GOI') loan	51.28	78.62

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 12A

10 Provisions - non current

Retired medical benefits	1.98	1.33
Leave encashment	13.13	10.68
Service awards	0.29	0.23
Gratuity	27.04	26.37
	42.44	38.61

11 Other non-current liabilities

Rent received in advance	0.89	1.01
Lease equalization reserve	0.89	1.54
	1.78	2.55



MADRAS FERTILIZERS LIMITED

12 Financial liabilities

(₹ Crores)

As at 31
March
2020

As at 31
March
2019

A. Borrowings

Secured

Cash credit from banks	171.86	3.98
Bills accepted under letter of credit	109.76	107.44

(Secured by hypothecation of inventories and book debts including GOI subsidy receivable with first charge on all immovable properties at Manali both present and future.)

Special Banking Arrangements (Secured against GOI Subsidy)	307.67	383.27
---	--------	--------

Unsecured

GOI loan - current portion:		
- Principal	502.96	475.62
- Interest accrued and due	657.24	602.66
	<u>1,749.49</u>	<u>1,572.97</u>

B. Trade payables

Trade payables		
Secured	69.62	158.16
Unsecured	46.26	118.81
	<u>115.88</u>	<u>276.97</u>

Secured against the following:

Dues to CPCL ₹ 1.21 Cr (31 March 2019 ₹ 99.65 Cr) for which mortgage and first charge on Guindy land is given for ₹ 100 Cr till the date of sanction of a rehabilitation scheme for the Company.

Dues to IOC ₹ 68.41 Cr (31 March 2019 ₹ 58.32 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.

C. Other financial liabilities

Interest accrued but not due on loans	15.55	15.55
Statutory Dues	22.61	23.60
Others	101.64	86.41
	<u>139.80</u>	<u>125.56</u>

13 Provisions

Retired medical benefits	0.27	0.18
Leave encashment	3.43	2.45
Service awards	0.10	0.08
Gratuity	6.27	6.05
	<u>10.07</u>	<u>8.76</u>



MADRAS FERTILIZERS LIMITED

14 Other current liabilities

(₹ Crores)

	As at 31 March 2020	As at 31 March 2019
Unclaimed deposits	-	0.03
Micro, small & medium enterprises	-	0.01
Other liabilities	47.17	38.81
Rent received in advance	0.13	0.13
Lease equalization reserve	0.64	0.54
	47.94	39.52

15 Revenue from operations

For the year ended
31 March 2020

For the year ended
31 March 2019

Sale of products and services

Manufactured products	329.00	281.82
Traded goods	6.25	4.17
Less: discounts	(1.70)	(0.81)

Other operating revenue

Subsidy	940.84	1,307.82
	1274.39	1,593.00

16 Other income

Interest income under the effective interest method:

from banks and others	3.68	0.49
on fair valuation of rental deposits		
on fair valuation of employee loans	-	0.05

Dividend income:

from non-current investment	0.24	0.24
-----------------------------	------	------

Other non-operating income:

Net gain / (loss) arising on financial asset mandatorily measured at FVTPL		-
Exchange rate fluctuation	0.01	1.97
Profit on sale of assets	0.13	0.01
Rent	1.60	1.53
Write back of Accounts	5.21	8.08
Miscellaneous income	2.13	5.43
	13.00	17.80



MADRAS FERTILIZERS LIMITED

17 Cost of materials consumed

	For the year ended 31 March 2020	(₹ Crores) For the year ended 31 March 2019
Opening stock	118.94	98.23
Add: Purchases	881.20	852.52
	<u>1,000.14</u>	<u>950.75</u>
Less:		
Stock loss	-	-
Closing stock	67.82	118.94
	<u>67.82</u>	<u>118.94</u>
 Total consumption of raw materials	 932.32	 831.81
 Power, water & fuel	 195.76	 467.29
Stores, spares & packing materials	24.35	19.78
	<u>1,152.43</u>	<u>1,318.88</u>

18 Purchase of stock - in - trade

Agrochemicals	1.46	1.35
Organic manure	0.90	0.36
City compost	3.21	2.11
	<u>5.57</u>	<u>3.82</u>

19 Changes in inventories and finished goods

Opening stock		
Finished goods	3.53	43.86
Work in progress	13.45	19.28
	<u>16.98</u>	<u>63.14</u>
Less : Closing stock		
Finished goods	30.11	3.53
Urea stock loss	-	-
Work in progress	65.47	13.45
	<u>95.58</u>	<u>16.98</u>
	<u>(78.60)</u>	<u>46.16</u>

20 Employee benefit expenses

Salaries, wages and bonus	74.98	73.98
Contribution to provident and other funds	14.35	17.96
Welfare expenses	6.64	8.60
	<u>95.97</u>	<u>100.54</u>



MADRAS FERTILIZERS LIMITED

(₹ Crores)

21 Finance costs

Interest on term loans:

GOI Loan

Other borrowings:

Bank borrowings

Interest expense on lease deposits accepted

Interest expense on dealer deposits accepted

Interest expense on trade advances accepted

Interest expense on deferred credit

Others

For the year ended
31 March 2020

For the year ended
31 March 2019

54.58

54.58

17.41

21.39

0.00

0.00

8.36

7.91

0.06

0.40

6.44

9.18

3.44

6.57

90.29

100.03

22 Depreciation

Depreciation

26.38

22.99

26.38

22.99

For the year ended
31 March 2020

For the year ended
31 March 2019

23 Other expenses

Repairs and maintenance

Plant and machinery

22.47

29.48

Buildings

0.53

0.56

Computers & other assets

1.20

0.84

Transportation and warehousing

Transportation and warehousing

50.34

54.74

Secondary freight

0.67

0.32

Warehouse rent

0.16

0.40

Payment to statutory auditors

Statutory audit

0.04

0.04

Tax audit

0.01

0.01

Certification

0.07

0.11

Others

Excise duty

-

-

Rent

2.00

0.74

Rates and taxes

0.85

1.46

Insurance

8.37

2.66

Directors' expenses

0.04

0.17

Directors' sitting fees

0.00

0.00

Agro services/ information expenses

0.06

0.04

Advertising and publicity

1.40

1.43

Provision for impairment on debtors

-

-

c/o **88.21**

93.00



MADRAS FERTILIZERS LIMITED

	For the year ended 31 March 2020	For the year ended 31 March 2019
b/f	88.21	93.00
Finished product handling	17.74	18.27
Exchange rate fluctuation	0.00	0.00
Bank charges	11.92	22.59
Security charges	2.87	3.39
Contract labour	1.60	2.07
Car rentals	0.92	1.47
Travel expenses	0.97	0.98
Postage and telecom expenses	0.41	0.45
Miscellaneous expenses	5.59	5.98
Capital work-in-progress written off	0.00	-
	130.23	148.20
24 Exceptional items		
Exceptional items	-	-
	-	-
25 Other comprehensive income		
Remeasurement of actuarial gains and interest cost	(5.33)	(2.39)
Fair valuation of IPL shares	84.59	48.97
	79.26	46.58
26 Earning per share		
Loss after tax (₹ Crore)	(134.88)	(129.82)
Number of shares (Crore)	16.11	16.11
Face value of share (₹)	10.00	10.00
Earning per share - basic and diluted (₹)	(8.37)	(8.06)

The Company does not have any potentially dilutive shares, thus the basic and the diluted earnings per share is the same.



27(A) Significant Accounting Policies

1. Reporting entity

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 and City Compost under the brand name 'Vijay'.

2. Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with 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.

The financial statements were authorized for issue by the Company's Board of Directors on 19.06.2020.

Details of the Company's significant accounting policies are included in Note 3.

b) Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR'), which is also the Company's functional currency. All amounts have been rounded-off to the nearest crores, unless otherwise indicated.

c) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset) / liability	Present value of defined benefit obligation less fair value of plan assets

d) Use of 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.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements and information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment for the year ended March 31, 2020 are included in the following notes:

i. Re-classification of inventory as capital spares

The Company performs an assessment at initial recognition of spares to be classified as property, plant and equipment based on the provisions for capitalization for an asset as mentioned under Ind AS 16 Property, plant and equipment and such items that fall within the definition of an asset are accounted for under Ind AS 16 instead of Ind AS 2 Inventories.

ii. Re-classification of property, plant and equipment as investment property

The Company identifies and assesses land and building that is held for earning rentals / for an undetermined future use / capital appreciation as investment property and accounts for the same under Ind AS 40 Investment Property

iii. Useful life and residual value of property, plant and equipment (including capital spares) and investment property

The useful life and residual value is estimated considering several factors such as usage, obsolescence, technological advancements and expenditure to be incurred to maintain the asset in a condition to obtain future economic benefits.



The Company reviews at the end of each reporting date, the useful life and residual value of property, plant and equipment and investment property and changes if any are adjusted prospectively.

iv. *Fair value measurement*

Certain financial assets and liabilities in the Company are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where observable inputs are not available, the Company engages third party qualified valuers to perform the valuation.

v. *Defined benefit plans and other long term benefits*

The Company uses actuarial assumptions to determine the obligations for employee benefits at each reporting period. These assumptions include the discount rate, expected long-term rate of return on plan assets, rate of increase in compensation levels, mortality rates, etc.

vi. *Revenue*

The Company offers various incentives to dealers which is estimated and assessed to predict the variability in its consideration receivable arising on account of the same.

vii. *Subsidy income*

For the new pricing scheme of urea (New Pricing Scheme, 'NPS') subsidy, the rates are revised every year based on the actual input prices submitted by the Company on a quarterly basis. Since the actual rates for the subsidy for any given year is announced only in the subsequent year the Company records revenue based on an estimated rate for that year. The difference between the estimated rates used by the Company for recognition of revenue and the actual rates that are approved by the Government are accounted as escalation / de-escalation of input prices in the year in which the rate is notified.

viii. *Lease classification*

The Company has entered into lease agreements with various parties both in the capacity of a lessor and a lessee for assets predominantly in the nature of land and building. The management has exercised judgment in line with the principles enunciated under Ind AS 17 Leases to appropriately classify these leased assets as either operating lease or finance lease.

ix. *Taxes*

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits.

x. *Impairment of non-financial assets*

Assessment for impairment is done at each balance sheet date for any indication that a non-financial asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit.

xi. *Impairment of financial assets*

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Company applies the expected credit loss model for recognizing impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Company expects to receive).

xii. *Discount rates used for fair valuation*

Estimates of rates of discounting are made for measurement of fair values of certain financial assets and liabilities, which are based on prevalent bank interest rates and the same are subject to change.

xiii. *Contingent liabilities*

Recognition of contingent liabilities are made in accordance with the provisions of Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. Ind AS 37 requires the application of judgment with regards to the likelihood of a contingent event resulting in potential outflow of resources embodying economic benefits. In case there are any changes to the circumstances, following unforeseeable developments, this likelihood could alter. The Company recognizes items such as claims against the Company, etc as contingent liabilities.



e) Measurement of fair values

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 is 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.

f) 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:

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company's normal operating cycle is considered as 12 months

for the purpose of current and non-current classification of assets and liabilities.

Assets:

An asset is classified as current when it satisfies any of the following criteria:

- 1) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- 2) it is held primarily for the purpose of being traded;
- 3) it is expected to be realized within 12 months after the reporting date; and
- 4) cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

- 1) it is expected to be settled in the Company's normal operating cycle;
- 2) it is held primarily for the purpose of being traded;
- 3) it is due to be settled within 12 months after the reporting date; and
- 4) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months from the reporting date.

All other liabilities are classified as non-current.

Deferred tax assets / liabilities are always classified as non-current.

3. Significant accounting policies

A summary of the significant accounting policies applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all periods presented in the financial statements.

a. Property, plant and equipment

i. Initial recognition and measurement

Items of property, plant and equipment are initially measured at cost. Subsequent measurement is done at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of acquisition is inclusive of taxes



(except GST), duties, freight, installation allocated incidental expenditure during construction / acquisition and necessary adjustments in the year of final settlement. The cost of property, plant and equipment also includes the present value of obligations arising, if any, from decommissioning, restoration and similar liabilities related to the same.

Cost of an item of property, plant and equipment includes estimated costs of dismantling and removing the item and restoring the site on which it is located. The present value of those costs (decommission or restoration costs) is capitalized as an asset and depreciated over the useful life of the asset.

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

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in the statement of profit and loss.

Machinery spares

Initial spares purchased along with property, plant and equipment are capitalized and depreciated along with the asset.

Spares purchased subsequent to commission of the asset which meet the requirements set out in Ind AS 16 are treated as property, plant & equipment. Other spare parts are carried as inventory and recognized in the statement of profit and loss on consumption.

Capital work-in-progress

The cost of self-constructed assets includes the cost of materials & direct labor, any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management and borrowing costs.

ii. Subsequent expenditure

Subsequent expenditures related to an item of property, plant and equipment are capitalized only if it is probable that future

economic benefits would flow from the existing asset to the Company which is beyond its previously assessed standard of performance.

Expenditure on assets on revamp / expansion are capitalized when the respective assets are ready for commercial production and in respect of other assets when they are ready for its intended use. These costs are capitalized only when the recognition criteria as enunciated under Ind AS 16 are met. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of profit and loss as incurred.

iii. Depreciation

Depreciation on property, plant and equipment is provided for in conformity with the provisions of Schedule II to the Companies Act, 2013 on the basis of useful life of the asset using the straight line method by retaining a residual value of 5% in respect of plant and machinery, buildings, roads & bridges and railway siding and ₹ 1 in respect of other property, plant and equipment. In the year of commissioning / retirement of assets, depreciation is calculated on pro-rata basis, for the period the asset is available for use.

The estimated useful lives of property, plant and equipment for the current year and the comparative period is as follows:

Asset Category	Estimated useful life
Road, bridges and other facilities	10 years
Railway siding	15 years
Buildings	30 years
Plant and Machinery	25 years
Automotive and service equipment	10 years
Lab equipment	10 years
Office equipment	5 years
Furniture and fittings	10 years
Air conditioners and water coolers	10 years

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.

iv. De-recognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are



expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit and loss.

b. Investment property

i. Recognition and measurement

Investment property are properties (land / building / both) held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Any gain or loss on disposal of an investment property is recognized in the statement of profit and loss

ii. Subsequent expenditure

Subsequent expenditures related to an item of investment property is added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

iii. Depreciation

Depreciation on an item of investment property is provided on straight line basis in accordance to the useful lives as prescribed in Schedule II to the Companies Act, 2013.

c. 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 inventories and work in progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Item	Basis
Raw and packing materials	FIFO basis
Stores, spares and catalysts	Monthly moving weighted average basis.

Loose tools and reconditioned spares	Revalued on WDV basis annually
Finished products	Lower of cost or net realizable value including final / estimated subsidy

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The net realizable value of work in progress is determined with reference to the selling prices of related finished products. Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realizable value.

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.

Net realizable value is taken as under:

Phosphatic and Potassic Fertilizers

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

Urea

- Field warehouse inventories: The least of selling price to marketers / dealers including excise duty.



- Inventories in transit: The least of selling price to marketers / dealers including excise duty plus final / estimated subsidy less estimated warehousing expenses.
- Inventories at plant ready for sale: The least of selling price to marketers / dealers plus final / estimated subsidy less estimated freight and warehousing expenses.
- Bulk urea at plant: Least of selling price to marketers / dealers plus final / estimated subsidy less estimated bagging, freight and warehousing expenses.

Others

- Warehousing expenses have been distributed over sales and closing stock.
- Ammonia is valued at cost as the same is captive consumed and not intended for sale.
- Off-spec products intended for disposal are valued at estimated realizable value.
- Inventory of traded products are valued at lower of location specific cost or net realizable value. Agrochemicals inventory is valued on FIFO method, which includes purchase cost and other related expenses.
- Inventory of pesticides manufactured and lying at factory under loan licensing scheme are valued at cost excluding excise duty.
- Goods in transit / under inspection are valued at cost.

d. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction, development or erection of qualifying assets are capitalized as cost of such asset until the assets are substantially ready for their intended use. Qualifying assets are those that take a substantial period of time to get ready for their intended use or sale.

When the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the borrowing costs incurred are capitalized. When Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the capitalization of the borrowing costs is computed based on the weighted average cost of general borrowing that are outstanding during the period and used for the acquisition, construction, development or erection of the qualifying asset.

Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Income earned on temporary investment of the borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalization. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Other borrowing costs are recognized as an expense in the year in which they are incurred.

e. Financial Instruments

1. Recognition and initial measurement

All financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

i. Financial assets

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at

- amortized cost;
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the statement of profit and loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of profit and loss. Any gain or loss on de-recognition is recognized in the statement of profit and loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit and loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to the statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to the statement of profit and loss.

The Company's financial assets currently include trade receivables, employee loans, deposits and an equity investment.

ii. Financial liabilities

Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit and loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit and loss. Any gain or loss

on de-recognition is also recognized in the statement of profit and loss.

The Company's financial liabilities currently include trade and other payables and borrowings.

2. De-recognition

i. Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor



retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

ii. Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the statement of profit and loss.

3. Offsetting of financial instruments

Financial asset and financial liability are offset and the net amount presented in the balance sheet when, and only when the Company:

- currently has a legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4. Impairment

i. Financial assets (including receivables)

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost.

All financial assets are assessed for credit impairment at each reporting date. Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower
- a breach of contract such as a default or being past due for 90 days or more
- it is probable that the borrower will enter bankruptcy or other financial reorganization

The Company measures loss allowances at an amount equal to lifetime expected credit losses except for certain financial assets such as bank balances for which the credit risk has not increased significantly since initial recognition. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery

ii. Non-financial assets

The Company assesses at each balance sheet 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.

5. 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 above.

f. Government grants / subsidies

Related to assets

Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets.



Subsidiary conditions may also be attached restricting the type or location of the assets or the periods during which they are to be acquired or held.

Grants related to assets are presented in the balance sheet by setting up the grant as deferred income.

Related to income

Grants related to income are those which are not related to assets.

Government grants in the form of fertilizer and freight subsidies are recognized when there is reasonable assurance that the Company will comply with the conditions relating to them and that the subsidy will be received. The point of recognition in the case of the Company is on the goods being moved outside the factory.

Grants are recognized in the statement of profit and loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate or over the period during which the conditions related to the grant is fulfilled.

g. Employee benefits

i. 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 comprises of wages, salaries, incentives, short term leave salary etc.

ii. Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into separate entities and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefits expense in the statement of profit and loss in the period during which services are rendered by employees.

Contribution towards superannuation and provident fund are treated as defined contribution plans.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Contributions towards gratuity 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's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of the plan assets.

The amount of defined benefit obligations is computed annually by an independent actuary using the projected unit credit method.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in Other Comprehensive Income (OCI). Net interest expense / income, service cost and other expenses related to defined benefit plans are recognized in the statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain / loss on curtailment is recognized immediately in the statement of profit and loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

Benefits under the Company's earned leave, post-retirement medical benefits and service awards constitute other long term employee benefits and are recognized based on an actuarial valuation using the projected unit credit method. These actuarial gains or losses are recognized in the statement of profit and loss in the period in which they arise.

h. Prior period items, accounting estimates and effect of change in accounting policies

Prior period errors, are corrected retrospectively by restating the comparative amounts for the prior period(s) presented in which the error occurred or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

The effect of change in accounting estimate is recognized prospectively in the statement of profit and loss except where



they relate to assets and liabilities, the same is recognized by adjusting the carrying amount of related assets/liability/equity in the period of change.

Changes in accounting policy due to initial application of Ind AS are dealt with in accordance with specific transitional provisions, if any in Ind AS. In other cases, the changes in accounting policy are done retrospectively, the application of such change is limited to the earliest period practicable.

i. Events occurring after the balance sheet date

Events occurring after the balance sheet date are those events that occur between the end of the reporting period and the date when the financial statements are approved by the Board of Directors. Such events are disclosed or given effect to in the financial statements as provided for in Ind AS 10 Events after the Reporting Period.

j. Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. Cash discounts for prompt payments are accounted as and when the related dues are settled and presented net of revenue.

Revenue from sale of manufactured and traded fertilizers

Revenue from sale of manufactured and traded fertilizers are recognized when the significant risk and rewards of ownership are transferred. In the current case, the issuance of warehouse release order come product acceptance, by the respective authorities, is considered as the point when risk and reward is transferred and revenue is recognized at that particular point.

The Company estimates the amount of volume rebates, early payment rebates at the point of sale and accounts for revenue net of such amounts. The Company also provides cash discounts and fixed transport rebates which is also netted against revenue while presenting.

Revenue is presented net of goods and service tax (effective 1 July, 2017)

Other operating revenue

Urea subsidy under NPS is accounted on receipt at the warehouses per procedure prescribed by the Government.

Increase / decrease on account of annual escalation / de-escalation in input prices is considered based on realistic estimates pending issue of notification by the Government. Adjustments are effected in respect of difference, if any, in the year of receipt.

Subsidy for phosphatic and potassic fertilizers is accounted in line with the Nutrient Based Subsidy (NBS) policy of the Government.

Other income

Dividend income is recognized in the statement of profit and loss on the date on which the Company's right to receive payment is established.

Interest income with respect to financial assets at amortized cost is recognized using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

Income from rentals for properties given on lease to third parties are recognized on accrual basis.

Claims by the Company on underwriters are accounted as income on acceptance of the claim / certainty of realisation, pending settlement.

Claims on railways are accounted on settlement.

Claims for liquidated damages against suppliers/contractors are accounted for on recovery of the same from their bills and adjusted to the cost of assets or to the materials/works as the case may be.

All other liquidated damages / penalties are accounted on realization basis.

k. Foreign currency transactions and translation

Initial recognition and measurement

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency exchange rate between the functional currency and the foreign currency at the date of the transaction.

Subsequent measurement

Foreign currency monetary items are translated using the closing rate at the end of each reporting period.

Foreign currency non-monetary items are carried at historical cost and translated using the exchange rate at the date of the transaction.

*Recognition of exchange gain / loss*

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were recorded on initial recognition during the period or translated in previous financial statements are recognized in the statement of profit and loss in the period in which they arise.

I. 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. Current tax assets and liabilities are offset only if certain criteria are met.

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 only if certain criteria(s) set out in Ind AS 12 Income Taxes are met.

m. Leases*Finance lease*

Leases of property, plant and equipment that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating lease

Assets held under other leases are classified as operating leases. Payments / receipts which are made / received under operating leases are generally recognized in the statement of profit and loss on a straight-line basis over the term of the lease unless such payments / receipts are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognized as an integral part of the total lease expense over the term of the lease.

n. 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 Board of Directors is collectively 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.

o. Provisions (other than employee benefits), contingent liability 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.

p. Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, current and short term deposit accounts which are held for

the purpose of meeting short-term cash commitments. The deposits have an original maturity of three months or less.

q. Earnings per share

The Company presents basic and diluted earnings per share ('EPS') data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the FY, adjusted for own shares held.

Diluted EPS is calculated by taking the weighted average number of ordinary shares which is calculated for basic earnings per share and adjusted to the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. Dilutive potential ordinary shares are deemed to have been converted into ordinary shares at the beginning of the FY or, if later, the date of the issue of the potential ordinary shares.

r. Exceptional items

These are items of income or expense the nature of which warrants a disclosure to enhance the understanding of the performance of the Company. Such income or expense is classified as exceptional items and accordingly, disclosed in the notes accompanying the financial statements.

s. 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.

**27 (B) Notes:****1 Straight lining of lease rental income / expense**

Under Ind AS, lease rental escalations that are not solely to factor for expected general inflation need to be straight lined over the term of the lease agreement. The Company has entered into lease agreements with various parties in the capacity of both a lessee and a lessor and certain leases contain escalations that are not solely to factor general inflation. Such escalations are straight lined over the respective lease terms with the corresponding impact on transition date taken to retained earnings and subsequent impacts recognized in the statement of profit and loss.

2 Interest free / below market interest rate financial assets and liabilities

Under Ind AS, deposits and advances have to be recorded at fair value. Accordingly, the Company has fair valued interest free security deposits received and provided and staff advances. Difference between the transaction value and the fair value in case of staff advances and security deposits given are recognized as prepaid staff cost and prepaid rent expenses, respectively and amortised over the tenure of the advance / lease. In case of security deposits received, such difference is accounted for as income received in advance and recognized in the statement of profit and loss over the lease term. The other leg in case of the above fair valuations are recorded as interest income / expense which are accounted over the tenure of the respective asset / liability.

3 Fair valuation of investment in unquoted equity shares of Indian Potash Limited

In accordance to Ind AS 109, the Company has measured the investment in unquoted equity shares held in Indian Potash Limited as a fair value through other comprehensive income ('FVOCI') investment and accordingly accounted for the gain / (loss) on initial recognition in retained earnings. The subsequent gain / (loss) has been accounted in the statement of profit and loss under Other Comprehensive Income.

4 Reassessment of residual value

The Company has reassessed the residual value provided in case of the plants constructed on the land taken on lease from lessors and the impact on such reassessment has been taken prospectively over the remaining useful life as depreciation in the statement of profit and loss

5 Employee benefits

Both under previous GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under previous GAAP, the entire cost, including actuarial gains and losses, were charged to the statement of profit and loss. Under Ind AS, remeasurements (comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability) have been recognised in other comprehensive income

28 Effect of foreign exchange fluctuation

The amount of exchange rate difference debited / (credited) to the statement of profit and loss

	(₹ Crores)
For the year ended 31 March 2020	For the year ended 31 March 2019
0.01	(1.97)

29 Movement in provisions, contingent assets and contingent liabilities

Claims recoverable

Opening balance

Additions during the year

Amounts used during the year

Reversal / adjustments during the year

Closing balance

1.01	1.01
-	-
-	-
-	-
1.01	1.01

- a. In all these cases, outflow of economic benefits is expected within next one year
- b. The assumptions made for provisions relating to current period are consistent with those in the earlier years. The assumptions and estimates used for recognition of such provisions are qualitative in nature and their likelihood could alter in next financial year. It is impracticable for the Company to compute the possible effect of assumptions and estimates made in recognizing these provisions.



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(₹ Crores)

30 Consumption of raw material and spare parts

For the year ended
31 March 2020

For the year ended
31 March 2019

Value of Indigenous and Imported Spares consumed

Indigenous

RLNG/ Naphtha	781.03	780.51
Others	3.26	2.19
Total (%)	84	94
	784.29	782.70

Imported

Urea	34.89	13.30
Potash	47.46	14.37
Phosphoric Acid	65.68	21.44
Total (%)	16	6
	148.03	49.11
	100	100
	932.32	831.81

Components and Spares

	12	3.84	20	2.41
Imported (%)	88	27.98	80	9.93
Indigenous (%)	100	31.82	100	12.34

31 CIF value of imports

Raw materials	31.18	115.15
Components and spares	4.05	5.2
	35.23	120.35

32 Expenditure in foreign currency

Books and periodicals	0.12	0.03
Travel (Business, Seminar, Conference, etc.)	-	-
	0.12	0.03

**33 Related party disclosures****a) List of related parties****Key Managerial Personnel (KMP):****Chairman and Managing Director**

Shri U Saravanan

Directors

Shri Lalsanglur

Shri Mohammad Bagher Dakhili

Shri Farzad Bahrami Bavani

Shri Babak Bagherpour

Shri Harsh Malhotra

General Manager Finance

Shri V Muralidharan

Company Secretary

Dr. Girish Kumar

Employee benefit trusts managed by MFL

MFL Covered Employee Group Gratuity cum Life assurance Scheme Trust

MFL Employees Superannuation Scheme Trust

Entities under the control of same government

The Company is a Public Sector Undertaking (PSU) in which shares are held by the President of India. Pursuant to Paragraph 25 & 26 of Ind AS 24, entities over which the same government has control or joint control of, or significant influence, then the reporting entity and other entities shall be regarded as related parties. The Company has applied the exemption available under Paragraph 25 & 26 of Ind AS 24 for government related entities and have made limited disclosures in the financial statements.

b) Transactions with key management personnel**i) Key management personnel compensation**

	For the year ended 31 March 2020	(₹ Crores) For the year ended 31 March 2019
Short-term employee benefits	0.81	0.79
Post-employment defined benefit	0.18	0.15
Compensated absences	-	-
Other long term benefits	-	-
	<u>0.99</u>	<u>0.94</u>



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c) Related party transactions other than those with key management personnel

(₹ Crores)

	Transaction value		Balance outstanding	
	For the year ended 31 March 2020	For the year ended 31 March 2019	As at 31 March 2020	As at 31 March 2019
Purchase and payment for goods and services				
Chennai Petroleum Corporation Limited	-	806.14	1.21	99.65
Indian Oil Corporation Limited	907.36	360.63	68.51	58.31

Contributions

(₹ Crores)

	2019-20	2018-19
MFL Employees Contributory PF Trust	5.83	5.67

34 Financial Instruments - Fair value disclosures

The management has assessed that the carrying amounts of financial assets such as trade receivables, loans, cash and cash equivalents and financial liabilities like borrowings, trade payables recognised in the financial statements approximate their fair values. With respect to the investment in unquoted shares, the Company has availed the services of a professional valuer and performed fair valuation.

March 31, 2020	Carrying amount				Fair value hierarchy	Valuation techniques and key inputs used
Description	Amortised cost	Fair value through profit and loss	Fair value through OCI	Total		
A. Financial Assets						
Investments		282.50		282.50	Level 3	Refer note below
Loans	7.07			7.07	NA	
Trade receivables	50.87			50.87	NA	
Cash and cash equivalents	133.31			133.31	NA	
Other financial assets	556.32			556.32	NA	
B. Financial Liabilities						
Borrowings	1,800.77			1,800.77	NA	
Trade payables	115.88			115.88	NA	
Other financial liabilities	139.80			139.80	NA	



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March 31, 2019	Carrying amount				Fair value hierarchy	Valuation techniques and key inputs used
Description	Amortised cost	Fair value through profit and loss	Fair value through OCI	Total		
A. Financial Assets						
Investments		197.91		197.91	Level 3	Refer note below
Loans	0.91			0.91	NA	
Trade receivables	27.21			27.21	NA	
Cash and cash equivalents	36.82			36.82	NA	
Other financial assets	815.55			815.55	NA	
B. Financial Liabilities						
Borrowings	1,651.59			1,651.59	NA	
Trade payables	276.97			276.97	NA	
Other financial liabilities	125.56			125.56	NA	

Movement under Level 3

(₹ Crores)

Description	31 March 2020	31 March 2019
Opening cost / fair value	197.91	148.94
Add - Fair value gain recognized in statement of profit and loss	84.59	48.97
Less - Fair value loss recognized in statement of profit and loss	-	-
Closing fair value	282.50	197.91

Valuation technique and key inputs used for fair valuation of investment in unquoted shares of Indian Potash Limited

The Company by using the service of an external valuer has computed the fair value of the investment using the following two techniques:

i.) Net Asset Value (NAV) method

Under this method, total external liabilities of the Company are subtracted from the total assets to arrive at the NAV. Alternatively, the sum of paid up capital and reserves can also be calculated to arrive at the NAV. The Company has taken all assets and liabilities at their book value. The NAV is divided by the total number of outstanding equity shares to arrive at the fair value per share.

ii.) Comparable Company Market (CCM) method

CCM multiple uses the valuation ratios of a publicly traded company and applies that ratio to the Company being valued. The valuation ratio typically expresses the valuation as a function of a measure of financial performance or book value. A key benefit of CCM analysis is that the methodology is based on the current market stock price. The current stock price is generally viewed as one of the best valuation metrics because markets are considered somewhat efficient.

For valuation analysis of the Company, the methodology has been used by comparing the market cap to sales multiple vis-a-vis certain companies listed on the stock exchange belonging to the fertilizer industry. During the year the valuation is based on CCM method.

**35 Leases**

i) Operating lease

a) As lessee

The lease rent paid during the year is ₹ 0.96 Cr (Previous year ₹ 0.74 Cr). These have been classified under the line item 'Rent' in 'Other expenses'. The future lease rent payable for each of the following periods are:

(₹ Crores)

Particulars	31 March 2020	31 March 2019
Less than one year	0.99	0.88
Between one and five years	1.41	2.40
More than five years	-	-

b) As lessor

Rental income on operating leases of the spaces rented out to CPCL are included under 'Rent' in 'Other Income'. The future lease rent receivable for each of the following periods are:

Details of lease rental receivable over the remaining contract period is provided below:

(₹ Crores)

Particulars	31 March 2020	31 March 2019
Less than one year	1.08	0.98
Between one and five years	5.16	4.78
More than five years	5.58	7.03

Details of Property 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
Bio Fertilizer Vijayawada	Hayagreeva Bio Organics Pvt Ltd	5 Years	Approx. 5% escalated every year

36 Information of goods manufactured and traded :

	31 March 2020	31 March 2019
	Quantity MT	Quantity MT
(a) Installed capacities:		
Ammonia	3,46,500	3,46,500
Urea	4,86,750	4,86,750
NPK	8,40,000	8,40,000
Bio fertilizers	400	400



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	31 March 2020	31 March 2019
(b) Production		
Ammonia	211,498	229,774
Neam-Urea	345,150	394,300
NPK 17-17-17	65,000	25,160
Bio fertilizers	47	150

	31 March 2020		31 March 2019	
	Quantity MT	Amount	Quantity MT	Amount
(c) Purchase of Stock in Trade :				
Agro chemicals		1,45,67,691		1,34,72,273
Organic manure	2,808	90,17,287	905	35,94,972
City compost	12,041	3,21,47,282	8,088	2,11,02,914
		5,57,32,260		3,81,70,159

	31 March 2020		31 March 2019	
	Quantity MT	Amount	Quantity MT	Amount
(d) Gross sales				
Manufactured product				
Neem Urea	3,23,764	1,75,73,02,757	4,19,766	2,19,98,96,135
NPK 17-17-17	65,517	1,53,12,93,440	27,430	58,67,04,270
Carbon-di-oxide *	-	-	8,797	2,69,58,244
Bio Fertilizers	46	14,41,608	150	46,65,730
Bought Fertilizers				
Agro chemicals		2,22,35,017		1,95,43,285
Organic manure	2,808	1,28,29,744	905	46,22,001
City compost	12,041	2,74,08,418	8,088	1,75,65,836
		3,35,25,10,984		2,85,99,55,501

*By product



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	31 March 2020		31 March 2019	
	Quantity MT	Amount	Quantity MT	Amount
(e) Stocks				
(i) Opening stock				
(a) Finished product				
Neem Urea	446	24,29,022	25,821	35,74,66,367
NPK 17-17-17	1,314	3,28,25,522	3,599	8,11,59,463
(b) Work in progress				
Manufactured products				
Ammonia	2,848	11,94,09,150	4,152	16,76,07,811
Urea-bulk	487	1,50,67,735	935	2,51,55,249
(ii) Closing stock				
(a) Finished product				
Manufactured products				
Neem Urea	11,247	28,33,74,222	446	24,29,022
NPK 17-17-17	719	1,77,71,737	1,314	3,28,25,522
Bio Fertilizers	1	14,730	-	-
(b) Work in progress				
Manufactured products				
Ammonia	8,431	35,69,94,423	2,848	11,94,09,150
Urea-bulk	10,504	29,76,94,078	487	1,50,67,735
(c) Stock losses				
Neem Urea	568		357	
NPK 17-17-17	78		16	
NPK 20-20-0-13				

37 Employee benefits

(i) Defined benefit plans

The Company has floated the following defined benefit plans i) Gratuity, ii) Post retirement medical benefits, iii) Compensated absences and iv) Service awards

A. 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.



B. Movement in net defined benefit (asset) / liabilities

Gratuity

The cost of providing such defined benefit is determined using the projected unit credit method of actuarial valuation made at the end of the year and is administered through a fund maintained by Life Insurance Corporation of India. This defined benefit plan exposes the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. Every employee who has rendered continuous service of five years or more is entitled to gratuity at 15 days salary (15/26 * last drawn basic salary plus dearness allowance) for each completed year of service subject to a ceiling of ₹ 0.20 crore 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.

	Defined benefit Obligations		Fair value of plan asset		Net defined benefit (asset) liability	
	2020	2019	2020	2019	2020	2019
Gratuity						
Balance as at April 1	49.19	44.94	16.77	20.61	32.42	24.33
Included in profit and loss						
Current service cost	1.87	1.86	-	-	1.87	1.86
Interest cost	3.16	3.20	-	-	3.16	3.20
Interest income	-	-	1.11	1.36	(1.11)	(1.36)
Benefits paid	(4.62)	(5.24)	(4.62)	(5.24)	-	-
Contributions made	-	-	4.04	0.04	(4.04)	(0.04)
Included in OCI						
Net actuarial (gain)/loss and interest	1.15	4.43	0.14	-	1.01	4.43
Balance at March 31	50.75	49.19	17.44	16.77	33.31	32.42
Earned leave encashment						
Balance as at April 1	13.13	14.45	-	-	13.13	14.45
Included in profit and loss						
Current service cost	0.96	0.55	-	-	0.96	0.55
Interest cost	0.77	1.06	-	-	0.77	1.06
Interest income	-	-	-	-	-	-
Benefits paid	(1.93)	(0.86)	-	-	(1.93)	(0.86)
Included in OCI						
Net actuarial (gain)/loss and interest	3.62	(2.07)	-	-	3.62	(2.07)
Balance at March 31	16.55	13.13	-	-	16.55	13.13



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	Defined benefit Obligations		Fair value of plan asset		Net defined benefit (asset) liability	
	2020	2019	2020	2019	2020	2019
Post retirement medical benefits						
Balance as at April 1	1.51	1.39	-	-	1.51	1.39
Included in profit and loss						
Current service cost	0.05	0.02	-	-	0.05	0.02
Interest cost	0.10	0.11	-	-	0.10	0.11
Interest income	-	-	-	-	-	-
Benefits paid	-	-	-	-	-	-
Included in OCI						
Net actuarial (gain)/loss and interest	0.59	(0.01)	-	-	0.59	(0.01)
Balance at March 31	2.25	1.51	-	-	2.25	1.51

Service award						
Balance as at April 1	0.31	0.33	-	-	0.31	0.33
Included in profit and loss						
Current service cost	0.04	0.03	-	-	0.04	0.03
Interest cost	0.02	0.02	-	-	0.02	0.02
Interest income	-	-	-	-	-	-
Benefits paid	-	-	-	-	-	-
Included in OCI						
Net actuarial (gain)/loss and interest	0.03	(0.07)	-	-	0.03	(0.07)
Balance at March 31	0.40	0.31	-	-	0.40	0.31

	March 31, 2020	March 31, 2019
Represented by :		
Net defined benefit liability		
- Gratuity	33.31	32.42
- Earned leave encashment	16.55	13.13
- Post retirement medical benefits	2.25	1.51
- Service award	0.40	0.31



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I) Plan Asset

Plan assets comprises the followings:

	March 31, 2020	March 31, 2019
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:

	March 31, 2019	March 31, 2018
Discount rate per annum	6.74%	7.50%
Expected return per annum on plan asset	6.74%	8.00%
Salary escalation per annum	5.00%	6.00%
Mortality	IALM (2012-14) U	LIC 94-96 rates

The following are the principal actuarial assumptions for the other defined benefit plans at the reporting date:

	Earned leave encashment		Post retirement medical benefits		Service award	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Mortality table (before retirement)	IALM (2012-14) U	IALM (2006-08) U	IALM (2012-14) U	IALM (2006-08) U	IALM (2012-14) U	IALM (2006-08) U
Mortality table (after retirement)	NA	NA	IALM (2012-14) U	IALM (2006-08) U	NA	NA
Discount rate	6.36%	7.56%	6.36%	7.56%	6.36%	7.56%
Inflation rate	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%

The estimates of salary escalations considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Further, the expected return on plan assets is determined considering several applicable factors mainly the composition of plan assets held, assessed risk of asset management and historical returns from plan assets.



III) Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have effected the defined benefit obligation by the amounts shown below.

	March 31, 2020		March 31, 2019	
	Increase	Decrease	Increase	Decrease
Gratuity				
Discount rate (+/- 100 BP)	48.68	53.01	47.15	51.42
Salary escalation per annum (+/- 100 BP)	52.19	49.27	50.69	47.61
Mortality (+/- 10%)	50.76	50.76	49.20	44.93
Attrition rate (+/- 100 BP)	50.91	50.59	49.30	49.07
Earned leave encashment				
Discount rate (+/- 100 BP)	15.54	17.68	12.52	13.80
Salary escalation per annum (+/- 100 BP)	17.63	15.57	13.54	12.73
Mortality (+/- 10%)	16.55	16.55	13.13	13.13
Attrition rate (+/- 100BP)	16.53	16.58	13.14	13.11
Post retirement medical benefits				
Discount rate (+/- 100 BP)	2.19	2.32	1.42	1.60
Salary escalation per annum (+/- 100 BP)	-	-	-	-
Mortality (+/- 10%)	2.25	2.25	1.51	1.51
Attrition rate (+/- 100BP)	2.27	2.23	1.49	1.53
Service award				
Discount rate (+/- 100 BP)	0.38	0.41	0.30	0.33
Salary escalation per annum (+/- 100 BP)	-	-	-	-
Mortality (+/- 10%)	0.40	0.40	0.32	0.32
Attrition rate (+/- 100BP)	0.40	0.39	0.32	0.31

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 have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. This analysis may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Expected maturity analysis of the defined benefit plans in future years

₹ Crore

	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
31 March 2020					
- Gratuity	7.32	4.81	17.06	21.56	50.75
- Earned leave <i>encashment</i>	2.05	1.28	5.16	8.06	16.55
- Post retirement medical benefits	0.29	0.18	0.59	1.19	2.25
- Service award	0.07	0.04	0.14	0.15	0.40
Total	9.73	6.31	22.95	30.96	69.95



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	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
31 March 2019					
- Gratuity	7.73	5.13	13.79	22.54	49.19
- Earned leave encashment	2.45	1.16	3.79	5.73	13.13
- Post retirement medical benefits	0.17	0.14	0.36	0.84	1.51
- Service award	0.01	0.02	0.03	0.25	0.31
Total	10.36	6.45	17.97	29.36	64.14

Expected contributions to post-employment benefit plans for the year ending 31 March 2020 are ₹ 6.71 crore.

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (31 March 2019: 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.

(ii) Defined contribution plans

Provident fund and superannuation fund

"Eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions are made to the provident fund set up as a trust by the Company. The interest rates declared and credited by trusts to the members have been higher than the statutory rate of interest declared by the Central Government and there have been no shortfalls on this account and hence treated as a defined contribution plan.

The Company also has a superannuation plan. The liability of the Company in respect of superannuation scheme is restricted to the fixed contribution paid by the Company on an annual basis towards the defined contribution scheme maintained by Life Insurance Corporation of India, which is charged to the statement of profit & loss statement on accrual basis.

The net amounts expended in respect of employer's contribution to the provident fund and superannuation fund during the year, are INR 5.83 Cr (Previous year INR 5.67 Cr) and INR 6.71 Cr (Previous year INR 6.75 Cr) respectively.

38 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 maximise the total shareholder return by optimising 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:	₹ Crore	
	March 31, 2020	March 31, 2019
Debt	1,800.77	1,651.59
Less: Cash and bank balances	133.31	36.82
Net debt	1,667.46	1,614.76
Total equity	(630.89)	(575.27)
Net debt to total equity ratio	-	-



39 Financial risk management

In course of its business, the Company is exposed to certain financial risks that could have significant influence on the Company's business and operational / financial performance. These include market risk (including currency risk, interest rate risk and equity price risk), credit risk and liquidity risk.

The Board of Directors reviews and approves risk management framework and policies for managing these risks and monitors suitable mitigating actions taken by the management to minimise potential adverse effects and achieve greater predictability to earnings.

In line with the overall risk management framework and policies, the treasury function provides services to the business, monitors and manages through an analysis of the exposures by degree and magnitude of risks.

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.

Credit risk

Trade receivables

Credit risk refers to the risk of default on the receivables to the Company that may result in financial loss. The maximum exposure from trade receivables amounting to ₹ 481.88 crore as of March 31, 2020 (₹ 706.52 crore as of March 31, 2019).

Trade receivables mainly constitute subsidy receivable from Government of India and from sale of manufactured and traded fertilizers to dealers / other customers. 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 and there have been no significant cases of impairment historically.

Investment in unquoted equity shares

The Company has a single investment in unquoted equity shares of Indian Potash Limited. The Company does not expect any losses from non-performance by the investee and hence no impairment is recognized.

Loans and advances

The company provides housing and other loans 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 instalments.

Cash and cash equivalents and deposits with banks

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.

Summary of exposures to financial assets provided below:

Financial asset	₹ Crore	
	Exposure as at	
	March 31, 2020	March 31, 2019
Investments	282.50	197.91
Loans	7.07	0.91
Trade receivables	50.87	27.21
Cash and cash equivalents	133.31	36.82
Other financial assets	556.32	815.55
Total	1030.07	1,078.40



Provision for expected credit losses

Financial assets for which loss allowance is measured using life time expected credit losses

The Company's customer base is the Government of India and a number of dealers. Historically the risk of default has been negligible or nil. Further, management believes that the unimpaired amounts that are past due by more than 60 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk. Hence, no impairment loss has been recognised during the reporting periods in respect of trade receivables.

(ii) Ageing analysis of trade receivables

As a policy, the Company does an ageing analysis of debtors, the details of which is stated below.

The ageing analysis of the trade receivables is as below:

₹ Crore

Interval	Ageing as at	
	March 31, 2020	March 31, 2019
Less than 6 months	37.57	15.99
More than 6 months	-	-
Total debtors	37.57	15.99

Liquidity risk

The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk through cash credit limits and undrawn borrowing facilities by continuously monitoring forecast and actual cash flows. The Company invests its surplus funds in bank fixed deposit which carry minimal mark to market risks.

Maturities of financial liabilities

The following are the contractual maturities (principal and interest in the case of GOI loan) of non-derivative financial liabilities, based on contractual cash flows:

₹ Crore

31 March 2020		Contractual cash flows					
Contractual maturities of financial liabilities	Carrying amount	Less than a year	1-2 years	2-3 years	3-5 years	More than 5 years	Total
GOI Loan	1,227.03	1,175.74	26.04	16.35	8.90	-	1,227.03
Trade payables	115.88	115.88					115.88
Other financial liabilities	124.25	124.25					124.25
TOTAL	1,467.15	1,415.86	26.04	16.35	8.90	-	1,467.15

₹ Crore

31 March 2019		Contractual cash flows					
Contractual maturities of financial liabilities	Carrying amount	Less than a year	1-2 years	2-3 years	3-5 years	More than 5 years	Total
GOI Loan	1,172.45	1,276.98	27.34	26.04	16.35	8.90	1,355.61
Trade payables	276.97	276.97	-	-	-	-	276.97
Other financial liabilities	110.01	110.01	-	-	-	-	110.01
TOTAL	1,559.42	1,663.95	27.34	26.04	16.35	8.90	1,742.58



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 two types of risk: currency risk, interest rate risk and equity price risk. Financial instruments affected by market risk include borrowings, trade payables in foreign currency and investment in unquoted equity shares. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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 are as below:

Particulars	31-Mar-20	31-Mar-19
Trade payables (₹ Crore)	35.35	120.38

Sensitivity analysis

A strengthening 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.

31 March 2020	Profit and loss	
10% movement	Strengthening	Weakening
Trade payables denominated in foreign currency	(3.54)	3.54
31 March 2019	Profit and loss	
10% movement	Strengthening	Weakening
Trade payables denominated in foreign currency	(12.04)	12.04

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:

	₹ Crore	
Particulars	31-Mar-20	31-Mar-19
Financial assets		
Fixed-rate instruments		
Employee loans	7.07	0.91
Financial liabilities		
Fixed-rate instruments		
GOI term loan	1,211.48	1,156.90



Fair value sensitivity analysis for fixed-rate instruments

The company's fixed rate instruments are carried at amortised 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.

Equity price risk

Equity price risk is related to the change in market reference price of the investments in quoted equity securities. In the case of the Company, the sole investment in equity shares is unquoted and does not expose the Company to equity price risks, however there can be changes in the equity price based on valuations done at different reporting periods owing to the operations and general business environment in which the investee operates. In general, the investment is not held for trading purposes.

Equity price sensitivity analysis

A 5% change in prices of equity instruments held as at March 31, 2020 and March 31, 2019 would result in an increase/ decrease of Rs 13.20 Cr and Rs 9.90 Cr in fair value of the equity instrument respectively.

40 Contingent liabilities/Contingent assets and Commitments

	₹ Crore	
	As at 31 March 2020	As at 31 March 2019
A. Contingencies		
Contingent Liabilities in respect of claims against the Company not acknowledged as debts (Includes Penal Interest on GOI Loans ₹ 198.39 Cr).	218.09	203.72
B. Commitments		
L/Cs outstanding (not provided for)	3.30	5.09
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (after adjusting advance made therefor)	21.32	54.56

41 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, 2018 as identified by the management and relied upon by the Auditors is provided below:

	₹ Crore	
	31 March 2020	31 March 2019
i. Dues outstanding more than 45 days	-	-
ii. Amount remaining unpaid as at the end of the year		
Principal Amount		0.01
Interest Amount		
iii. The amount of interest paid in terms of Section 18 along with the amounts of the payment made to the supplier beyond the appointed day during the year	-	-
iv. The amount of interest due and payable for the period of delay in making payment	-	-
As per the terms of the Contract		
As specified in the Act		
v. The amount of interest accrued and remaining unpaid at the end of the year	-	-



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

	Principal	Interest	Total
Revamp loans	122.30	145.54	267.84
Plan loans	359.89	492.93	852.82
Non plan loans	20.77	34.32	55.09
Total	502.96	672.79	1175.75

₹ Crore

43 OTHER DISCLOSURES:

- Government of India has not so far raised any demand for penal interest amounting to ₹ 198.39 Cr (Previous Year ₹ 183.15 Cr). However, the same is shown under Contingent Liabilities per practice.
- During the year an amount of Rs 6.74 Cr has been received from UIIC towards full and final settlement of Vardha cyclone claim against 50% of balance receivable ₹ 7.50 Cr. The difference claim of Rs 0.75 Cr was charged off during the financial year.
- Other Income includes a sum of ₹ 0.58 Cr (Previous Year ₹ 0.58 Cr) being the rent receivable from CPCL for the area let out for their LPG pipeline, for which the renewal of agreement is under negotiation.
- The Company is in the process of signing MOU with DOF for the FY 2020-21 and is yet to be signed.
- Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB) has allotted 43.13 acres of land for a lease period of 33 years at kodungaiyur for TTP Plant in the year 1989. The Company surrendered 20.224 acres of surplus land not used for TTP plant, but CMWSSB refused to take back that land. After negotiations CMWSSB agreed for payment of lease rent up to June 2017 amounting to ₹ 5.64 Cr in a phased manner and based on that, the Company has paid an amount of ₹ 3.10 Cr till date. From July 2017 onwards the lease rent is being paid on a quarterly basis. The MOU is yet to be signed.
- The Sick Industrial Companies (Special Provisions) Act (SICA) has been repealed from December 01, 2016 and the Board for Industrial and Financial Restructuring (BIFR) stand dissolved from that date. The Company is pursuing legal options to file the Revival proposal to the National Company Law Tribunal (NCLT). However, based on PDIL report, The Company has submitted Financial restructuring proposal with DOF, GOI for their consideration.
- Confirmation of Balances has not been received in respect of Loans for GOI, Trade Receivables/Payables and Loans and Advances

44 Exchange rate fluctuation

Exchange rate fluctuation included in other income is INR 0.01 Cr (Previous year INR 1.97 Cr)

45 Disclosure as per Ind AS 108 'Operating segments'

A Basis for segmentation

In the case of the Company, the Board of Directors / CMD are considered to be the CODM. The Board of Directors / CMD review the performance of the Company and allocate resources based on the various management information reports provided by the respective departments of the Company.

The CODM reviews the performance of the Company primarily as two segments:

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

However, since the revenue from other activities constitute less than 5% of the reported revenue and no significant assets are employed for these activities, the management is of the view that the Company has only one reportable segment that relates to manufacture of sale of fertilizers.

**B Geographical information**

The geographical information analyses the Company's revenues and non-current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, revenue has been based on the geographic location of customers and non-current assets have been based on the geographical location of the assets. Since 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.

C Major customer NA**46 Income taxes**

No provision towards income tax liability has been made during the year as the operations resulted in loss and being a sick company, the Company is not liable for MAT.

47 Government grants and subsidies

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

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

Subsidy under New Pricing Scheme (NPS) for Urea

Escalation/De-escalation in input prices is subject to annual revision based on the actual prices. Accordingly, a sum of ₹ 144.46 Cr (Previous year ₹ 144.92 Cr receivable) has been reckoned as payable to FICC for the year 2019-20 towards annual De-escalation of input prices.

Subsidy includes an amount of ₹ 16.26 Cr (Previous year ₹ 14.14 Cr) being the additional fixed cost of ₹ 350 / MT as envisaged in the modified NPS III Policy announced by DOF dated April 02, 2014, and approved by the Cabinet Committee on Economic Affairs (CCEA) on March 13, 2020 and an amount of Rs 4.88 Cr being the additional fixed cost benefit of Rs 150/MT for conversion of Feed Stock from Naptha to RLNG. as per the said approval of CCEA. This Additional compensation of Rs 350/MT is pending from 2014-15 onwards the details of which is given below:

SL. NO	YEAR	AMOUNT (₹ Cr)
1	2014-15	11.43
2	2015-16	13.62
3	2016-17	15.70
4	2017-18	15.46
5	2018-19	14.14
	TOTAL	70.35



1 Impairment of assets

A detailed valuation has been done by a reputed Chartered Engineer and valuer and as per his report no adjustment towards impairment loss is considered necessary by the Company as on 31.03.2020. Net selling price of the major Plant and equipment has been assessed against the book value on that date is detailed below:

₹ Crore

Plant	As on 31.03.2020		As on 31.03.2019	
	Net selling price	Book Value	Net selling price	Book Value
Ammonia	399.20	136.24	330.12	93.01
Urea	75.88	24.82	70.59	25.04
NPK	15.30	3.68	13.98	4.56
Utilities	30.28	9.50	28.17	9.70

48 Amount in the financial statements are presented in ₹ Crore (upto two decimals) except for per share data and as other-wise stated. Certain amounts, which do not appear due to rounding off, are disclosed separately.

49 Standards issued but not yet effective

Ind AS 116 'Leases'

The Company has evaluated the potential impact of the adoption of Ind AS 116 on accounting policies followed in its financial statements and it expects no material impact on adoption of the same.

Ind AS 21 'The Effects of Changes in Foreign Exchange Rates'

The amendment to Ind AS 21 applies to entities for foreign currency consideration paid or received in advance. The amendment requires such advance paid or deferred liability to be restated using the spot rate as of the date of such a transaction. The Company has evaluated the potential impact of the adoption of Ind AS 21 on accounting policies followed in its financial statements and it expects no material impact on adoption of the same.

50 Regrouping / reclassification

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

51 Special Banking Arrangements

Special Banking Arrangement Loan for Rs 307.67 Cr received from Punjab National Bank against fertilizer subsidy receivable from GoI for the year 2019-20 (Urea subsidy of ₹ 307.47 Cr. and NPK subsidy of ₹ 0.20 Cr.).

52 Physical Verification of Movable Fixed Assets and Stores & Spares

An Independent CA firm has been appointed to carry out the physical verification of movable fixed assets and stores & spares. The physical verification is being carried out in a phased manner and during the year a portion of movable assets and stores & spares were written off as approved in the 310th Board Meeting.

53 Entry tax of Rs.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 Tamilnadu 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.

Payment of ITC-VAT others of Rs.2.51 Cr, provided in the books for the period 2009-10 to 2017-18, towards ITC availed on sale of by-product Carbon-di-oxide, will be effected only on completion of sales tax assessment of the respective years and issue of demand notice. Hence the said amount is retained as provision in the books of the Company.



MADRAS FERTILIZERS LIMITED

Tax u/s 3(4) of the TNGST Act, 1959 of Rs.7.78 Cr for the period 2002-03 to 2005-06, provided for, represents the differential tax demanded by the Commercial tax authorities, by deviating from the normally adopted formula followed by the authorities upto 2001-02. Since the finalization of the same will be made during the sales tax assessment of the said years, the amount is retained as liability in the books of accounts.

54 Investment Property

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 Govt Guideline value.

- 55 The Company has agreed to allot Land for erection of 400 KV DC Transmission line by TANTRANSCO, as the project is conceived by TANTRANSCO for public purpose. The Tower is erected inside the Company premises and approximately 410 meters transmission line crossing through the Company campus.

/For and on behalf of the Board/

U SARAVANAN
Chairman & Managing Director

LALSANGLUR
Director

PRIYA RANJAN PANDA
General Manager-F&A (a/c)

Dr GIRISH KUMAR
Company Secretary

Aug 28, 2020

As per our Report of even date

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

CA SRI NARAYANA JAKHOTIA
Partner
M No 233192

Aug 28, 2020



**Study tour programme of the Parliamentary Standing Committee on Chemicals & Fertilizers -
Farmers Interaction Session held on 24th January 2020 at Vellore, Tamilnadu**

Executives of the Company



SHRI A L PRABHAKAR
Chief Vigilance Officer



SHRI PRIYA RANJAN PANDA
General Manager-F&A (a/c)



Dr. GIRISH KUMAR
Company Secretary



MADRAS FERTILIZERS LIMITED

MANALI, CHENNAI - 600068