

55TH

ANNUAL REPORT



2020-21



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. BABAK BAGHERPOUR
NICO Nominee Director



Smt. SAMIEH KOKABI
NICO Nominee Director



BOARD OF DIRECTORS (As on 06-09-2021)

CHAIRMAN & MANAGING DIRECTOR

Shri U Saravanan

DIRECTORS

Shri Lalsanglur (upto 19.07.2021)

Shri Harsh Malhotra

Shri Mohammad Bagher Dakhili

Shri Babak Bagherpour

Smt Samieh Kokabi

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
(Additional Charge)

Shri. N. Anantha Vijayan
General Manager
Personnel & Administration
(Additional Charge)

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

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



MADRAS FERTILIZERS LIMITED

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 55th Annual General Meeting (AGM) of Madras Fertilizers Limited will be held on 30.09.2021, 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, 2021, Statement of Profit & Loss (Including other comprehensive income), Statement of Cash Flow, Statement of Changes in Equity, Notes comprising Significant Accounting Policies and other Explanatory information forming part of Financial Statements for the year ended on that date together with the Directors' Report and the Auditors Report thereon.
2. To fix remuneration of Statutory Auditors for the Financial Year 2021-22 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 2021-22 be and is hereby fixed at ₹ 8,00,000/- to M/s. Anand & Ponnappan (MD0327), Statutory Auditors, subject to other terms and conditions laid down by the C&AG in their letter No.CA.V/COY/CENTRAL GOVERNMENT,MFL(1)/75 dated 18.08.2021".

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of section 148 and other applicable provisions, if any,

of the Companies Act 2013 read with Companies (Audit and Auditor) Rules 2014, Mrs. Aruna Prasad (M No.11816), Cost Accountant, appointed by the Board as Cost Auditor to consider the cost audit of the Company for fertilizers for the financial year 2021-22 as per the directions issued by the Central Government at a fee of ₹ 1,10,000/- plus taxes besides reimbursement of travelling and out of pocket expenses at actuals be and is hereby ratified."

By Order of the Board

Sd/-

U Saravanan

Chairman & Managing Director

DIN : 07274628

Place: Chennai
Date : 06.09.2021

Note:

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its Circular No.02/2021 dated January 13, 2021 read with Circular No.20/2020 dated May 05, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No.14/2020 dated April 08, 2020 (hereinafter collectively referred to as "MCA Circulars") and Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated May 12, 2020 and January 15, 2021 respectively, permitted for holding the Annual General Meeting through VC or OAVM without the physical presence of Members at a common venue. In compliance with these MCA Circulars and the relevant provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Annual General Meeting of the Members of the Company is being held through VC/OAVM. Hence Members can attend and participate in the AGM through VC/OAVM only. The detailed procedure for participating in the meeting through VC/OAVM is explained in Sl.No.16.



2. The Notice of Annual General Meeting along with the Annual Report for the financial year 2020-21 is being sent by electronic mode to those Members whose email address are registered with the Company / Depositories in accordance with the aforesaid MCA and SEBI Circular. Members may note that the Notice of Annual General Meeting and Annual Report for the financial year 2020-21 will also be available on the Company's website www.madrasfert.co.in, website of National Stock Exchange i.e. www.nseindia.com.
3. Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the Annual General Meeting and hence the Proxy Form and Attendance Slip are not annexed to the Notice.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
6. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
7. The statement setting out the material facts pursuant to Section 102 (1) of the Companies Act, 2013, relating to special business to be transacted at the meeting is annexed hereto.
8. The Register of Member and Share Transfer Books of the Company will remain closed from 24-09-2021 to 30-09-2021 (both days inclusive).
9. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DP in case the shares are held by them in electronic form and to IRMSPL, in case the shares are held by them in physical form.
SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in Securities Market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to M/s. Integrated Registry Management Services Pvt Ltd.
10. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or M/s. Integrated



Registry Management Services Pvt Ltd., (IRMSPL) Kences Towers, II Floor, No.1, Ramakrishna Street, T Nagar, Chennai 60017, the Registrar and Transfer Agents and Depository Participants of the Company for assistance in this regard and all correspondences with regard to transfer of physical / electronic shares etc. may be addressed to them directly.

11. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or IRMSPL, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
12. Members intending to require information about Accounts in the Meeting are requested to inform the Company at least 7 days in advance of the AGM.
13. All documents referred to in the accompanying Notice of the AGM and explanatory statement shall be open for inspection without any fee at the Registered Office of the Company during normal business hours on any working day upto and including the date of the AGM of the Company.
14. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only.
15. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
- 16. Instructions for voting through electronic means (e-voting)**
 - i) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect

of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating e voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as e voting on the date of the AGM will be provided by NSDL.

- ii) Shri V Esaki, (Membership No.30353), Practicing Company Secretaries has been appointed as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.
- iii) The Results of the voting will be declared within 48 hours from the conclusion of the AGM. The declared Results, along with the Scrutinizer's Report of the total votes cast in favour or against, if any, will be submitted to the Chairman or a person authorised by him in writing, who shall countersign the same.
- iv) Voting rights of the Members for voting through remote e-voting during the AGM shall be in proportion to shares of the Paid-up equity share capital of the Company as on the cut-off date. A person, whose name is recorded in the Register of members or in the Register of Beneficial Owners (as at the end of the business hours) maintained by the depositories as on the cut-off date shall only be entitled to avail the facility of remote e-voting and e voting during the AGM.
- v) The remote e-voting period begins on 27-09-2021 at 09.00 A.M. and ends on 29-09-2021 at 05.00 P.M. During this period, the members holding shares either in physical form or in dematerialized form as on 23-09-2021 i.e. cut-off date, may cast their e vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter.
- vi) Those members, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolution through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.



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

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

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

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

The way to vote electronically on NSDL e-Voting

system consists of "Two Steps" which are mentioned below:

Step 1 : Access to NSDL e-Voting system

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

Step 1 : Access to NSDL e-Voting System

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

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

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

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



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

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

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

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

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



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

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

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

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

4. Your User ID details are given below :

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

5. Your password details are given below:

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



6. If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:
 - a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - 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.

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

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

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

General Guidelines for Shareholders

1. Institutional / Corporate shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc., with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by email to esakics@gmail.com 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 and 1800-22-44-30 or send a request at evoting@nsdl.co.in or contact Ms. Pallavi Mhatre, Manager or



Ms. Soni Singh, Asst. Manager, National Securities Depository Limited, Trade World, "A" wing, 4th Floor, Kamala Mills Compound, Senapati Bapat, Lower Parel, Mumbai or to the email ID pallavid@nsdl.co.in/SoniS@nsdl.co.in or at telephone nos. +912224994545 / +912224994559, who will also address the grievances connected with voting by electronic means. Member may also write to the Company Secretary's email address cs@madrasfert.co.in.

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

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

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

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

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

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



2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders / Members who need assistance before or during the AGM, can contact NSDL official Ms.Sarita Mote on Toll free no. 1800 1020 990 and 1800 22 44 30 or send a request at evoting@nsdl.co.in.
6. Members seek any information with regard to the annual accounts for 2020-21 or any business to be dealt at the AGM, are requested to send an e-mail to cs@madrasfert.co.in on or before 24-09- 2021, along with their name, DP ID and Client ID / folio number, PAN and mobile number. The same will be replied by the Company suitably.
7. Further, members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered e-mail address mentioning their name, DP ID and Client ID / Folio number, PAN and mobile number at cs@madrasfert.co.in on or before 24-09-2021. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

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

Item No.3: Appointment of Cost Auditor for the year 2021-22

As per Sec. 148(3) of the Companies Act, 2013 read with Companies (Cost Records and Cost Audit) Rules, 2014, 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 317th meeting held on August 11, 2021 has approved the appointment of Mrs Aruna Prasad, Cost Auditor, for conducting the Cost Audit of the Company for the year 2021-22 at the remuneration of ₹ 1,10,000/- 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.

By Order of the Board

Sd/-

U Saravanan

Chairman & Managing Director

DIN : 07274628

Chennai
September 6, 2021



DIRECTORS' REPORT

The Shareholders
Madras Fertilizers Limited

Your Directors have pleasure in presenting herewith the 55th Annual Report together with the Balance Sheet as at March 31, 2021 and the Statement of Profit & Loss for the year 2020-21.

SUMMARY OF FINANCIAL RESULTS

₹ Cr

Particulars	2020-21	2019-20
Revenue from operations	1532.79	1291.99
Profit Before Interest, Depreciation, Exceptional items and Tax	132.40	(1.25)
Finance Cost	98.48	92.44
Depreciation and Amortization Expenses	31.14	31.57
Exceptional items	-	-
Other Comprehensive Income	(31.54)	23.44
Profit / (Loss) Before Tax	34.41	(148.70)
Provision for Tax	-	-
Profit / (Loss) After Tax	34.41	(148.70)
Cash Profit / (Loss)	65.55	(117.13)

The Company's operations for the year ended with a profit of ₹ 34.41 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 2021, as per the Companies (Declaration and Payment of Dividend) Rules, 2014, due to huge accumulated losses (₹ 853.37 Cr) and negative net worth (₹ 695.23 Cr) as on March 31, 2021.

HIGHLIGHTS OF PLANT PERFORMANCE

- ❖ During the year 2020-21, 480865 MT of Neem Coated Urea, 53565 MT of NPK (17-17-17) and 156.40 MT of Bio Fertilizers have been produced against the previous year production of 345150 MT of Neam Coated Urea, 65000 MT of NPK and 46.40 MT of Bio Fertilizers.
- ❖ Urea plant was operated consistently at a max load of 108% with RLNG as Feedstock and achieved 100% and above of Urea production for 225 Days during this year.
- ❖ Urea production of 480865 MT in FY 2020-21 is the Second highest Production since inception (Best: 486750 MT in the year 2011-12 & 2013-14).
- ❖ Quarterly Production of 143169 MT of Urea during Jan-Mar 2021 is the second highest in any quarter since inception (Previous 142498 MT during Oct-Dec 2010 and Best 144763 MT during Jan-Mar 2011)
- ❖ Average Specific Energy Consumption of Ammonia and Urea plant is 10.3594 & 7.6375 GCal/MT respectively. Achieved the lowest energy consumption of Ammonia and Urea for the day since inception, on 10.11.2020 (8.968 GCal/MT of Ammonia and 6.615 GCal/MT of Urea)
- ❖ Despite countrywide lockdown due to COVID-19 pandemic situation since March 25, 2020, Urea production and timely distribution of fertilizer products were ensured as per Gol guidelines due to adequate and appropriate precautionary measures taken by the management.
- ❖ The replacement of RO Stream membranes along with TTRO water for CW make up has made significant improvement in CW quality ie reduction in CW chloride content of CW from 2500 ppm to 1500 ppm and also frequent leaking / failure of CW exchangers is prevented. This has improved the on stream efficiency of the exchanger and ultimately plant loads.



- ❖ Consumption of Sewage water has been increased from 8751 KLPD to 11224 KLPD ie 28.26% increase over the previous year.
- ❖ Installation of CT Cells M & N: After commissioning of these 2 cells, the availability of total no. of fans has increased from 12 to 14 nos by which plant load reduction during summer due to high cooling water temperature is totally eliminated and taking preventive maintenance of fans becomes easy without affecting plant loads.
- ❖ At the close of Mar 31, 2021, 2546 days were completed without any lost time accident covering 8.91 million man-hours (Previous best Achieved - 5.66 million man-hours)
- ❖ Supplied 750 MTs of Vijay NC Urea to our extra marketing territory Andaman & Nicobar Islands

Bio fertilizers, Bio Pesticides & Organic Manures Sales

- ❖ Sold 157.00 MT of Vijay Bio Fertilizers which is **240% increase** over previous year sale of 46.40 MT.
- ❖ Sold 96.67 KL of Vijay Neem which is **32% increase** over previous year sale of 73.42 KL.
- ❖ Under "Basket Approach" MFL **sold 5046.28 MTs** of Vijay Organic which is **80% increase** over previous year sale of 2807.80 MT.
- ❖ In addition to Organic Manure, Under "Swachh Bharat Mission", **Marketing of City Compost**, a product from Municipality/Factory waste, has been undertaken and 6403 MTs was sold.
- ❖ With respect to City Compost sales, MFL is proud to be a **TOPPER in Tamilnadu sales and continuously maintaining its slot in TOP 10 position for 4th consecutive year on All INDIA basis.**

MEMORANDUM OF UNDERSTANDING

A MoU was signed with Department of Fertilizers (DOF), Government of India for the year 2020-21 on Nov 10, 2020 setting up targets for performance of the Company in terms of static and dynamic parameters.

MARKETING PERFORMANCE

Fertilizer Sales

- ❖ Achieved a sale of 4,79,402 MTs of Vijay Neem Coated Urea with One fourth contribution of **market share 25.35% in Tamilnadu, 7.89 %** in MFL's marketing territory which is 48% increase over previous year sale of 3,23,764 MTs. (Total consumption 2020-21: 60,68,525 MT and CPLY : 56,30,671 MT).
- ❖ Sold the total available quantity of 51,868 MTs of Vijay 17-17-17.
- ❖ Overall, Sold 5,31,270 MTs of both NPK 17-17-17 and NC Urea during the year which is at par with the production under the challenged COVID-19 pandemic situation and this is **37% higher than** the previous year sale of 3,89,281 MTs.
- ❖ Record movement of 5,31,270 MTs irrespective of pandemic conditions prevailed for the entire year which is 2nd best in last 10 years (5,42,644 MTs in 2013-14).

MARKET DEVELOPMENT & AGRO-SERVICE PROGRAMMES:

MFL's Marketing personnel have contacted 23127 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 3810 soil samples, got analyzed and communicated to the farmers about the micro & macro nutrient recommendations of various crops to farmers during the year.

In pursuance to the Prime Minister's Mission on empowering the Farmers vide Supportive Schemes & Education on farming techniques, MFL continues its



service to the farmers through “Kisan Suvidha Kendra” at Gangavathy and Shimoga in Karnataka State. Farmer services like soil sample analysis and recommendation of fertilizer dosage based on soil test report, educating the farmers on weather, crop Insurance and other improved farm technologies were offered.

DBT Implementation

In 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.

MFL procured 36 Nos of PoS devices for Andaman & Nicobar Island Administration and arranged for installation & imparted training to concerned officials. Thereby the administration commenced the sale of Vijay NC Urea thru PoS devices for the first time after implementation of DBT in Jan'2018

VIGILANCE

ACTIVITIES AND ACHIEVEMENTS OF VIGILANCE DEPARTMENT DURING 2020-21

- ❖ 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.
- ❖ CVO had four Structured Meetings with the CMD, MFL on 11.05.2020, 05.08.2020, 18.11.2020 & 27.01.2021 and pending issues were discussed and suggestions given to the Management.
- ❖ For all the Tenders with value more than ₹ 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 2020 from 27.10.2020 to 02.11.2020 as directed by CVC. The following are the highlights:
 - On October 27, 2020, in view of COVID situation, Integrity Pledge was administered by CMD to Senior Management Officials at 11.00 hours in the lawns of Administrative Building. All other employees took integrity pledge at their respective work spots.
 - As a part of Vigilance Awareness Week 2020 celebration, Essay and Slogan Competitions were held for the employees and their wards and the theme for these competitions was “Satark Bharat, Samridh Bharat (Vigilant India – Prosperous India)”.
 - As directed by Central Vigilance Commission, a link was provided in the Company's web site to facilitate Citizens and Corporates to access the CVC website and to take e-Pledge. A total number of 295 employees have undertaken e-pledge and also a total number of 115 Citizen have undertaken e-pledge.
 - On Oct 28, 2020, a Workshop on Information Security was conducted through webinar by CVO and the participants included Officers from all relevant departments such as from Finance, IT, Commercial, Technical Services, Production, Personnel, Marketing, etc.
 - Chief Manager – Distribution and Sales (i/c) participated in the Webinar conducted by Kendriya Vidyalaya, Adilabad, Telangana State as Chief Guest on 28.10.2020. The webinar was



about "Understanding Corruption & Measures to restrict it". The Chief Manager presented a speech on measures taken by Govt to tackle corruption and its implementation in PSUs like MFL.

- On Nov 02, 2020, a Keynote Address on "Satark Bharat, Samridh Bharat (Vigilant India – Prosperous India)" was delivered by Shri J T Venkateswarlu, CVO, CPCL, Chennai. While presenting the general concepts of preventive vigilance, he also shared his experiences in CPCL. The session was highly interactive and was attended by the CMD and Group Heads.
- Banners were displayed in all the Regional Offices of MFL and all the staff of Regional Offices have taken e-pledge.
- Prizes were distributed to the Winners of the Vigilance Awareness Week competitions on 23.11.2020 by Director - Technical.
- ❖ In addition to the above, MFL Vigilance organized two Workshops as detailed below :
 - On Sep 21, 2020, a Preventive Vigilance Workshop covering key areas was conducted by CVO in which all the Group Heads and Company Secretary participated.
 - A Preventive Vigilance Workshop through Video Conference (VC) on "Public Procurement" to higher Management and relevant personnel was conducted on 04.03.2021. Shri Tushar Kant Mishra, Executive Director (Materials & Contracts), Coal India Limited, Kolkata was the Faculty.
- ❖ Three important system improvements were suggested by Vigilance and implemented by the Management in the area of tenders.

HUMAN RELATIONS AND INDUSTRIAL RELATIONS MANPOWER & TRAINING

- ❖ The total strength of MFL as on 31.03.2021 is 539 against 571 as on 31.03.2020.

INDUSTRIAL RELATIONS

- ❖ During the year, overall Industrial Relation situation in the Company has been normal and cordial.
- ❖ Covid-19 : Seamless Transport arrangements ensured as Covid-19 restrictions continues.

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 and a SC/ST Cell is functioning for redressing the grievances of SC/ST employees.
- ❖ ₹ 60000/- was granted for celebrating Dr. Ambedkar Jayanthi on 15th April 2020 at our Board Room and conducted in a grand manner in commemoration of National Leader.

BC/MBC/OBC WELFARE ACTIVITIES

- ❖ ₹ 30000/- was granted for celebrating Thanthai Periyar E V Ramasamy's Birthday on 17th September 2020 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 of. Hindi Fortnight was celebrated at Head Office and Regional Offices. Various competitions were organized and prizes were distributed. Efforts have been taken to improve the percentage of letter correspondence and 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.



STATUTORY INFORMATION

Annual Evaluation of Board

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

Meeting of the Board

During the year 2020-21, 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, 2021, 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 and Business Responsibility Report have been enclosed as **Annexure – III & IV** forming part of the report.

Code of Conduct

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

Extract of Annual Return

As provided under Section 92 (3) of the Act, the form **MGT-7** Annual Return is published in our website www.madrasfert.co.in.

Auditors

- The Comptroller & Auditor General of India have appointed M/s Anand & Ponnappan (MD 0327) as Statutory Auditors of the Company for the year 2021-22.
- Mrs. Aruna Prasad (M No.11816), Cost Accountant, has been appointed / re-appointed as Cost Auditor of the Company for the year 2021-22.
- 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 has approved the appointment of 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 2020-21 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. Esaki & Associates for the year 2020-21.

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 2020-21. The details are contained in the Annual Report on CSR activities which 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, 2021 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, 2021 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 June 23, 2021 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 June 18, 2021 received from M/s. V Esaki & Associates, Company Secretaries, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Board/ Ministry of Corporate Affairs or any such Statutory Authority is enclosed as **Annexure X**.

Vigil Mechanism

MFL is having vigil mechanism for directors and employees to report their concerns. The Directors and employees can approach Chairman of 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
June 23, 2021

U Saravanan
Chairman & Managing Director
DIN 07274628



**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 2020-21	Previous Year 2019-20
A. Power and fuel consumption			
1. Electricity			
a) Purchased			
Unit (lakhs) *		1093.149	878.628
Total amount (₹ in lakhs)		8395.176	6913.768
Rate / unit (₹)		7.68	7.87
* Includes power consumed at TTP, Kodungaiyur			
(b) Own generation			
(i) Through diesel generator			
Units (lakhs)		4.552	25.968
Diesel consumption (KL)		134.730	779.040
Units per ltr. of diesel oil		3.379	3.333
Cost/unit (₹)		21.08	20.56
2. Coal		Not applicable	Not applicable
3. RLNG, Furnace oil & LSHS			
FO Quantity (tonnes)		37797	35572
Total cost (₹ per tonne)		9577.967	10002.381
Average rate (₹ per tonne)		25340.55	38118.69
RLNG Quantity (MMBTU)		13413868	10008298
Total cost (₹ in lakhs)		80198.21	78094.02
Average rate (₹ per tonne)		597.88	780.29
4. Others/generation:		Nil	Nil
B. Consumption per unit of Production	FICC Norm	2020-21	2019-20
(a) Product : Ammonia			
Electricity (KWH) *	115.000	116.723	113.912
Fuel oil + LSHS (MT)	0.2341	0.0619	0.0787
Naphtha (MT)	0.7829		
* includes own generation			
RLNG(MMSCM)		0.00108	0.00109
(b) Product : Urea			
Electricity (KWH)	202.000	149.263	155.478
Fuel Oil + LSHS (MT)	0.1309	0.0406	0.0434
RLNG(MMSCM)		0.0001	0.0001
(c) Product: NPK			
Electricity (KWH)	43.410	75.470	63.145
Fuel oil + LSHS (MT)	0.0069	0.0088	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	
2	Benefits derived as a result of the above R&D	
3	Future plan of action	
4	Expenditure on R&D	NIL
	a) Capital	
	b) Recurring (in lacs)	
	c) Total (in lacs)	
	d) Total R&D expenditure as a percentage of total turnover	

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

	2020-21
1. Activities relating to export	NIL
2. Total Foreign Exchange used	(₹ Cr)
a) Raw Materials	148.12
b) Components & Spare Parts	4.77
c) Books & Periodicals / Travel	-
Total	152.89
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”.

Overview of the Economy

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

Industry Structure and Development

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

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

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

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

Agricultural Situations prevailed in Southern States :

In Tamilnadu, 28% more rainfall (424.4 mm) received from SW monsoon but NE monsoon was at par with normal despite having Nivar and Bhurevi cyclone. Mettur is the major reservoir which caters around 16 lakh acres, the water has been released as per customary date of 12th June after 8 years and so expected normal acreage was covered. Except few reservoirs in southern districts, all were opened as per schedule due to correct onset of monsoon. On receipt of good showers, rainfed crops sowing was in full swing but crops withered for want of rainfall at later stage, which forced farmers to uproot and made the field for grazing in Dindigul and Tuticorin districts. The subsequent incessant rainfall after Bhurevi cyclone damaged Paddy crops heavily, nearly 5-6 lakh acres were inundated which led to reduction in yield, quality of the produce and moreover 2nd top dressing of Urea was skipped in most of the districts.

In Puducherry, shortage of 20-25% rainfall during Kharif'20 impacted the coverage of major crops like Paddy, Sugarcane, Casuarina, tuber crops, etc. But the rainfall received during Rabi increased the water level in all sources of Irrigation. So the major crop Paddy acreage in Pondicherry Dt., covered well in the month of Dec'20 & Jan'21. Overall Crop coverage and Agricultural Production in Puducherry was satisfactory level.



Telangana State received 1262.1 mm rainfall against normal rainfall of 862.4 mm which accounts 46% excess. Major reservoirs Nagarjuna Sagar, Sriram Sagar and other minor reservoirs recorded good water level due to excess water levels and flows in Krishna river. During Kharif, major crops Paddy, Maize, Jowar, Cotton, Chillies, Pulses, Oil Seeds and other crops including Vegetables sown in an area of 134.35 lakh acres against normal of 103.47 lakh acres. During Rabi Crops like Paddy, Maize, Groundnut, Pulses and other crops covered in an area of 68.14 lakh acres against normal of 36.93 lakh acres.

Andhra Pradesh State received 833.8mm against normal of 657.00mm which exceeds 26.9 % in Kharif & 1095.8 mm against normal of 847.8 mm which exceeds 25.3% in Rabi. All the Reservoirs in Andhra Pradesh State received good water levels and maintained Full Reservoir Level during Kharif & Rabi seasons. The total area sown in the Andhra Pradesh State is 90.86 lakh acres as against normal area of 92.42 lakh acres in Kharif & 59.06 lakh acres against 56.19 lakh acres in Rabi which works out 98% & 105% of cropped area respectively.

In Karnataka, the crop coverage during the year is more than normal. Covid'19 pandemic forced the people to migrate from town to villages and engaged in intensive agricultural activities resulted in more consumption of fertilizers. The State recorded 1301 mm of rainfall as against the normal annual rainfall of 1153 mm. The Water level of four major reservoirs of Cauvery basins namely, Harani, Hemavathi, KRS and Kabini was higher when compared to previous years. Bhadra, Tungabhadra, Ghataprabha, Malaprabha, Alamatti and Narayanapura are major irrigation reservoirs in Krishna basin. The produce price in Karnataka was normal or less barring few vegetable crops like Onion and Potato. The impact of Covid'19 pandemic was severe and played significant role in commodity price fixation especially for perishable goods i.e. during lockdown prices were always exorbitant.

In Kerala, Rainfall was normal during 2020-21. Because of Covid-19 many jobless people turned to Agriculture. In Wayanad and neighbouring districts, there was surge in acreages of Nendran banana (during April-May 2020) crop leading to reduction of prices by upto ₹ 8/Kg (due to mass production). Though Rubber prices have gone upto ₹ 160/Kg farmers were unhappy due to higher labour & production cost which affected fertilizer application. Arecanut prices have gone up all time high of ₹ 530/Kg but due to less maintenance of most of the plantations during previous years, the yield has come down. Farmers were happy as Paddy was procured at ₹ 27.48/Kg by State Govt through SUPPLYCO. There was no change in the cropping pattern other than surge in Banana acreages. Tea leaf (Kolunthu) prices have gone upto ₹ 26/Kg due to demand and now prevailing at ₹ 21-22/Kg (Previous price is ₹ 10/Kg). Cardamom prices touched a low of ₹ 1052/Kg. Pine apple prices also came down due to restriction in movement to Northern States because of Covid-19.

Strength, Weakness, Opportunities & Threats

Strengths

Your Company's strength is its highly skilled manpower and its flagship product Brand namely Vijay. Far and wide reach of marketing network throughout South India ensures that your Company can deliver its products to the farthest corner of South India. Your company has improved operational facilities which ensure uninterrupted production and remains uninterrupted. Your company has better cash flow control in place which assures seamless operation and allied functions of the company.

Weaknesses

Vintage nature of most of the equipment pose reliability issue but being managed with effective proactive & preventive maintenance in place and through proper spares procurement policy. Agro-climatic condition has a large effect on the performance of the Company. NPK raw materials which are imported is subject to severe volatility in global raw material prices and variation in the foreign currency exchange rates affecting the profitability of the Company.

**Opportunities**

Changeover of feed stock from Naptha to RLNG resulted in reduction in cost of production of urea which eventually resulted in the company's profit. MFL is in the path of getting permission from the Department of Fertilizers to do trading to augment our revenue. Also concentrating on the concept of product diversification under which two new projects have been emerged which are under study of technical feasibility and financial viability.

Trading of fertilizer products and Collaborations / Diversification in the field of manufacturing presenting an opportunity which will be explored based on the financial position of your company. Huge demand and import dependency in case of NPK fertilizers in the Country provides an opportunity to Company for expanding its NPK fertilizer base. Energy saving projects which are underway will fetch huge profits to your company once it is implemented.

Threats

Manufacturing Urea, NPK & Bio Fertilizers and marketing of Fertilizers is the core business of your Company. High volatility in the prices of raw material of NPK resulting in an adverse impact on production of NPK and marketing plans which eventually affects the bottom line of your company. Further your company could not raise the feed rate of NPK owing to less financial leverage available. However, the management has taken steps to increase the financial exposure from the lending Bank.

Outlook

The outlook for the fertilizer sector is positive on expectations of good monsoon. With lowering of the debt and the associated interest costs, the cash generation and the credit profile of the fertilizer sector would improve substantially.

The underlying macros for the Indian fertilizer industry look promising despite the coronavirus pandemic and macroeconomic uncertainty. With surplus reservoir levels, forecasts for a good monsoon season, demand for the procurement of fertilizers seems promising. Sales have increased sharply and going forward under the 'Aatmanirbhar Bharat' package pertinent towards the agrarian economy which are focused on boosting the agriculture and allied sector which shows sign better future for the industry.

Risks and area of concern

Your company face challenges in terms of skewed pattern of fertilizer use and low operating margin due to low capacity utilization of NPK owing to working capital crisis which have further impacted due to COVID pandemic. Your company faced challenges with disruption/restrictions in movement of men and material due to COVID 19. But, your company ensured uninterrupted supply of vital plant nutrients besides ensuring safety of the plants and personnel including contract labor.

Fertilizer Sector :**[Lakh MT]**

PRODUCT	UREA		NPK	
	2019-20	2020-21	2019-20	2020-21
Sales in MFL Marketing Territory	56.31	60.60	49.33	59.61
MFL Sales	3.24	4.79	0.65	0.52

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 2020-21, the subsidy for 17-17-17 allowed is ₹ 7445/- MT which is a decrease of ₹ 246/- MT over previous year amount of ₹ 7691/- .

The consumption of UREA and NP/NPK/NPKS (Other than DAP) has increased over CPLY in MFL's territory by 7.8% and 24.2% respectively due to favorable agricultural situation prevailed. .



- ❖ **MFL achieved Rail : Road ratio of 79:21** for Urea movement which is **2nd best in last 10 years** compared to CPLY of 83:17 (Previous Best), One of the best highest achievement against the DoF norms of 80:20 irrespective of the pandemic situations prevailed during the entire year.
- ❖ MFL said “**Absolutely No**” for any additional rebates. By excluding the interest rebates offered for Trade advance collected, we allowed ₹ 0.35 lakhs against CPLY of ₹ 0.65 lakhs. The same was ₹ 36.54 lakhs & ₹ 12.15 Crores respectively during 2018-19 & 2017-18, thereby a huge outgo on marketing costs has been saved.
- ❖ **No Major credit periods offered** by MFL during the financial year, whereas Competitors offered various discounts/ rebates and extended credit facilities very liberally.
- ❖ **Achieved 100 % for 3rd consecutive** year that, all the sales transactions done by MFL were made thru RTGS/ online payments only.

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 2019-20 and 2020-21 are given below : [Lakh MT]

PRODUCT	UREA		DAP		NP/NPK (Other than DAP)		MOP *	
	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21
PRODUCTION	244.55	246.03	45.50	37.73	86.64	93.22	-	-
IMPORTS	91.23	98.29	48.70	48.82	7.46	13.90	36.70	42.27
CONSUMPTION	336.95	350.42	100.99	119.11	98.57	118.11	27.87	34.25

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

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

[Lakh MT]

PERIOD	N	P	K	TOTAL	RATIO (NPK)
2020-21 (Estd)*	204.33	89.78	31.54	325.65	6.5:2.8:1
2021-22 (Estd)	212.65	91.15	33.00	336.80	6.4:2.8:1
2022-23 (Forecast)	217.90	92.90	34.15	344.95	6.4:2.7:1

* DBT sale.

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

[Lakh MT]

PERIOD	UREA	DAP	SSP	MOP	COMPLEX FERTILIZERS
2020-21 (Estd) *	350.42	119.12	44.89	34.25	118.11
2021-22 (Estd)	364.30	120.90	45.70	35.95	122.65
2022-23 (Forecast)	372.75	123.25	46.75	37.20	124.85

* DBT sale.

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

**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 fertilizer

Under NBS, the subsidy is fixed for the year without any escalation / de-escalation and the 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 the period 2018-19 to 2021-22 is given below:

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

For the current year 2021-22, GOI has extended the same NBS rates ₹ 7445/- MT as subsidy for 17-17-17 as like last year and it was of ₹ 7691/- during 2019-20.

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 and its Adequacy

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

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



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

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

Summary of sexual harassment issues raised attended and disposed of during the financial year 202-21:

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



CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of Madras Fertilizers Limited.
Manali, Chennai – 600 068.

We have examined the compliance of conditions of Corporate Governance by Madras Fertilizers Limited, having CIN: L32201TN1966GOI005469, for the year ended 31st March 2021, as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with the Stock Exchanges.

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

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

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Yours Faithfully

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

Sd/-
V.Esaki
Proprietor / Membership No: 30353
UDIN: A030353C000730690

Place : Chennai
Date : 03/08/2021



ANNUAL BUSINESS RESPONSIBILITY REPORT (ABBR) – FY 2020-21

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	2020-21
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)	₹ 1532.79 Cr
3	Total profit after taxes (INR)	₹ 34.41 Cr
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	₹ 15.54 lacs
5	List of activities in which expenditure in 4 above has been incurred:-	Supply of potable water through pipelines to Harikrishnapuram Village, Distribution of Rice and Groceries to the downtrodden people who were affected Covid-19 in the neighbourhood areas of Manali and Chennai City, donation to Tamilnadu Chief Minister's Public Relief Fund for Covid-19 and Supply of Wheel Chairs to Stanley Medical Hospital for Covid – 19.

**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
		Policies of the Company have been approved by the Board / Competent Authorities as per the Board delegated power.								
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 Annually 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 33 complaints and all the complaints were redressed in full (ie. 100%) and there is no pending as of March 31, 2021.

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

1. Please indicate the Total number of employees – 539
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis. 2000 (approx.)
3. Please indicate the Number of permanent women employees – 42.
4. Please indicate the Number of permanent employees with disabilities - 4
5. Do you have an employee association that is recognized by management. - Yes
6. What percentage of your permanent employees is members of this recognized employee association? – 95%
7. 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 136 employees during the period April 2020 – March 2021 soft and life skills for the enduring benefit and development of organisation. i.e. 25.23%.

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 stakeholder
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholder 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 stakeholder 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 confirm 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.
-

ANNEXURE –V

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

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

All the Board Members and Senior Management personnel affirmed compliance with the code for the financial year 2020-21.

Chennai
June 23, 2021

Sd/-
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 2020-21 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 Lalsanglur (DIN 08118636)	NED-Govt. Nominee	10.04.2018	19-07-2021	2	-	-
3	Shri Harsh Malhotra (DIN 08520873)	Director (Technical)	22.07.2019	Continuing	1	-	-
4	Shri Mohammad Bagher Dakhili (DIN 07704367)	NED-NICO Nominee	18.02.2017	Continuing	1	-	-
5	Shri Babak Bagherpour (DIN 08341090)	NED-NICO Nominee	23.10.2018	Continuing	1	-	-
6	Shri Farzad Bahrami Bavani (DIN 05352239)	NED-NICO Nominee	18.02.2017	13.12.2020	-	-	-
7	Smt. Samieh Kokabi (DIN 09066692)	NED-NICO Nominee	10.02.2021	Continuing	-	-	-
8	Shri Siya Sharan (DIN 07401363)	NED-Govt. Nominee	21.12.2018	**	-	-	-



Meetings Held

During the year, Five (5) meetings of the Board were held on 19.06.2020, 13.08.2020, 28.08.2020, 09.11.2020, 03.02.2021. The Annual General Meeting was held on 29th December 2020 through Video Conference("VC") / Other Audio Visual Means("OAVM"). Details of attendance of directors at the Board Meetings and Annual General Meeting are as follows:-

S.No.	Director	Category	Tenure		Board Meetings during respective tenure of Directors		Whether attended last AGM held on 29.12.2020
			From	To	Held	Attended	
1	Shri U Saravanan	CMD	01.11.2018	Continuing	5	5	Yes
2	Shri Lalsanglur	NED-Govt. Nominee	10.04.2018	19-07-2021	5	5	No
3	Shri Harsh Malhotra	Director (Technical)	22.07.2019	Continuing	5	5	Yes
4	Shri Mohammad Bagher Dakhili	NED-NICO Nominee	18.02.2017	Continuing	5	4	No
5	Shri Babak Bagherpour	NED-NICO Nominee	23.10.2018	Continuing	5	5	Yes
6	Shri Farzad Bahrami Bavani	NED-NICO Nominee	18.02.2017	Continuing	4	-	No
7	Smt. Samieh Kokabi	NED-NICO Nominee	10.02.2021	Continuing	1	1	NA
8	Shri Siya Sharan	NED-Govt. Nominee	21.12.2018	**	-	-	NA

** Shri Siya Sharan (DIN No.07401363), GOI Nominee Director, vide his letter No.Or.AO/Fert/2019-20/P.File (CCA) dated July 31, 2019 informed 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.

Audit Committee

During the year 2020-21, the Audit Committee met Five times on i.e. 19.06.2020, 13.08.2020, 28.08.2020, 09.11.2020, 03.02.2021. 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	19-07-2021	5	5
2	Shri U Saravanan	Member	14.08.2019	Continuing	5	5
3	Shri Mohammad Bagher Dakhili	Member	18.02.2017	Continuing	5	5
4	Shri Harsh Malhotra	Director (Technical)	22.07.2019	Continuing	5	5

**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 ₹ 87,18,155/-.

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

Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprising the following members.

S.No.	Name of the Stakeholders Relationship Committee Members	Status	Tenure	
			From	To
1	Shri Mohammad Bagher Dakhili	Chairman	18.02.2017	Continuing
2	Shri U Saravanan	Member	13.08.2015	Continuing
3	Shri Lalsanglur	Chairman / Member	10.04.2018	19-07-2021

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, 6 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 33 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, 2021.

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
2019-2020	Meeting conducted through Video Conference ("VC")/Other Audio Visual Means ("OAVM")	29/12/2020 (Monday)	11.00 A.M.
2018-2019	Narada Gana Sabha No.314, TTK Road, Alwarpet, Chennai 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.



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 2020-21 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 Maalai Malar. 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.

General Shareholders Information

Annual General Meeting, Date, Time and Venue:

AGM Date : September 30, 2021

Time : 11.00 am

Venue : Video Conferencing / AV means

Financial Year : April 2020 – March 2021

Book Closure Date : 24-09-2021 To 30-09-2021 (both days inclusive)

Dividend Payment : Nil

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



MADRAS FERTILIZERS LIMITED

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, 2020 to March 31, 2021

National Stock Exchange of India Ltd

Month	NSE High (₹)	NSE Low (₹)	S & P CNX Nifty Index High	S & P CNX Nifty Index Low	Quantity	Value (₹ lacs)
Apr 2020	16.70	11.55	9889.05	8055.80	2357738	346.91
May	15.35	13.25	9598.85	8806.75	619472	88.29
Jun	22.70	14.55	10553.15	9544.35	6691223	1259.07
Jul	20.30	16.70	11341.40	10299.60	3307183	622.29
Aug	20.95	17.05	11794.25	10882.25	5286354	1036.69
Sep	18.80	15.65	11618.10	10790.20	1143512	203.49
Oct	18.90	15.70	12025.45	11347.05	1920093	325.53
Nov	18.30	15.25	13145.85	11557.40	1969239	330.95
Dec	22.75	17.60	14024.85	12692.80	8110714	1647.76
Jan 2021	34.90	20.50	14753.55	13596.75	30079449	8616.17
Feb	30.20	23.00	15431.75	13661.75	3421870	916.82
Mar	34.00	24.40	15336.30	14264.40	3503825	1037.94

Share Transfer System

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

Share Transfer Agent & Depository Registry:

M/s Integrated Registry Management Services Private Limited

2nd Floor, Kences Towers

No. 1, Ramakrishna Street

Off: North Usman Road

T Nagar, Chennai 600 017

Phone 091-044 - 2814 0801 to 803

Email : corpserv@integratedindia.in

Dematerialisation of Shares:

MFL has connectivity with both NSDL and CDSL

ISIN No : INE 414A01015

15,73,22,898 equity shares (representing 97.65% of total shares) have been dematerialized as of March 31, 2021. In terms of number of shareholders, 78.97% of shareholders have dematted their shares.



MADRAS FERTILIZERS LIMITED

Distribution of Shareholding:
The distribution of shareholding as on March 31, 2021 is as follows:

Distribu- tion	Physical			NSDL			CDSL			Total		
	Count	Shares	%	Count	Shares	%	Count	Shares	%	Count	Shares	%
Up to 500	427	681	0.00	3524	57593	0.04	5671	99432	0.06	9622	157706	0.10
501 - 1000	130	12988	0.01	2195	209980	0.13	2647	247304	0.15	4972	470272	0.29
1001 - 2000	3292	658400	0.41	2279	426223	0.26	2216	391373	0.24	7787	1475996	0.91
2001 - 3000	435	130500	0.08	1057	296276	0.18	1054	287880	0.18	2546	714656	0.44
3001 - 4000	430	171933	0.11	506	194950	0.12	480	179461	0.11	1416	546344	0.34
4001 - 5000	1476	738000	0.46	1546	767270	0.48	1207	594876	0.37	4229	2100146	1.31
5001 - 10000	1588	1552300	0.96	1959	1774854	1.10	1372	1190276	0.74	4919	4517430	2.80
Above 10000	228	513600	0.32	1316	146388128	90.87	1042	4217022	2.62	2586	151118750	93.81
Grand Total	8006	3778402	2.35	14382	150115274	93.18	15689	7207624	4.47	38077	161101300	100.00

CATEGORY OF SHAREHOLDERS AS ON MARCH 31, 2021 AS FOLLOWS :

		PHYSICAL				ELECTRONIC				TOTAL			
S No	Category	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	0.03	34600	0.02	1	0.00	50	0.00	14	0.04	34650	0.02
2	BODIES CORPORATE	78	0.20	134000	0.08	133	0.35	866415	0.54	211	0.55	1000415	0.62
3	CLEARING MEMBER	0	0.00	0	0.00	75	0.20	150808	0.09	75	0.20	150808	0.09
4	GOVERNMENT/ PROMOTERS	0	0.00	0	0.00	1	0.00	95851700	59.50	1	0.00	95851700	59.50
5	EMPLOYEES	82	0.22	69900	0.04	0	0.00	0	0.00	82	0.22	69900	0.04
6	FINANCIAL INSTITUTIONS	0	0.00	0	0.00	1	0.00	1715	0.00	1	0.00	1715	0.00
7	MUTUAL FUND	1	0.00	2400	0.00	0	0.00	0	0.00	1	0.00	2400	0.00
8	NRI	0	0.00	0	0.00	167	0.44	387132	0.24	167	0.44	387132	0.24
9	FOREIGN PROMOTERS	0	0.00	0	0.00	1	0.00	41516500	25.77	1	0.00	41516500	25.77
10	RESIDENT INDIAN	7832	20.57	3537502	2.20	29691	77.98	18518578	11.50	37523	98.55	22056080	13.69
11	NBFCs	0	0.00	0	0.00	1	0.00	30000	0.02	1	0.00	30000	0.02
	TOTAL	8006	21.03	3778402	2.35	30071	78.97	157322898	97.65	38077	100.00	161101300	100.00

**MADRAS FERTILIZERS LIMITED****MODEWISE SHAREHOLDINGS AS ON 31-03-2021**

MODE	COUNT	SHARES	%
PHYSICAL	8006	3778402	2.35
NSDL	14382	150115274	93.18
CDSL	15689	7207624	4.47
GRAND TOTAL	38077	161101300	100.00

MODE	COUNT	SHARES	%
G O I	1	95851700	59.50
NAFTIRAN INTER TRADE COMPANY LTD	1	41516500	25.77
OTHERS	38075	23733100	14.73
GRAND TOTAL	38077	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



Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31/03/2021

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

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

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

Based on our verification of the MADRAS FERTILIZERS LIMITED, books, papers, Minutes book, forms and Returns filed and secretarial and other records maintained by the company electronically and based on the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31/03/2021 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 31/03/2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under; The company has complied with the procedure laid under the Companies Act, 2013 except the following.
- (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;

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



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

- ❖ *Few Charges appearing on the Index of Charges are not actual live charges; Company has not filed CHG 4 (towards Satisfaction of Charges) for few Cases. However, it was clarified by the Company that in respect of cases where charges have been created were fully settled, no action taken by the management to remove the Charge id from the Ministry website.*

Moreover there was a Fine imposed for the following Non Compliances made by the Company.

- ❖ *As per Notice issued by NSE dated 15th Feb 2021, regarding Non Compliance with Listing Regulations relating to Regulations 17(1), 17(2A), 18, 19 & 20 and levied a total Penalty of ₹ 12,05,960/-.*
- ❖ *As per Notice issued by NSE dated 20th Aug 2020, regarding Non Compliance with Listing Regulations relating to Corporate Governance and Regulations 17(1), 17(1A), 17(2) 17(2A) 18(1), 19(1)/2, 20(2)2(A), 21(2), 27(2) and levied a total Penalty of ₹ 11,81,180/-.*
- ❖ *As per Notice issued by NSE dated 17th November 2020, regarding Non Compliance with Listing Regulations relating to Regulations 17(1), 17(2A), 18, 19 & 20 and levied a total Penalty of ₹ 12,05,960/-.*

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 Composition of the Board of Directors 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 the matter with the Department of Fertilizers, Government of India to appoint sufficient number of Independent Directors to comply with the SEBI (LODR) Regulations.

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

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

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

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

Yours Faithfully

For V.Esaki & Associates
Company Secretaries

Sd/-

(V.Esaki)

Proprietor / Membership No: 30353

UDIN: A030353C000485071

Place : Chennai

Date : 18/06/2021



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

Sd/-

(V.Esaki)

Proprietor / Membership No: 30353

UDIN: A030353C000485071

Place : Chennai

Date : 18/06/2021

**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 / transaction	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	₹ 963.77 Cr

Chennai
June 23, 2021

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 last three financial years : Not applicable

4. Prescribed CSR Expenditure : Not applicable

5. Details of CSR Expenditure for the financial year 2020-21 : As below

Total amount spent for the financial year : ₹ 15.54 lakhs

Sl.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 (₹ in lakhs)
1	2	3	4	5	6	7	8
1	Supply of potable water through pipelines to Harikrishnapuram Village (around 500 Families) nearby MFL Plant Manali, Chennai, Tamilnadu (₹ 5.43 Lakhs per annum)	-	Manali, Chennai	-	-	-	8.00

**MADRAS FERTILIZERS LIMITED**

2	Distribution of Rice & Groceries to the downtrodden people who are affected due to Covid 19 in the neighbourhood areas of Manali	-	Manali Chennai	-	-	-	0.50
3	Distribution of Rice & Groceries to the downtrodden people affected by Covid 19 in the neighbour-hood areas of Chennai City	-	Chennai City	-	-	-	1.04
4	Tamil Nadu Chief Minister's Public Relief Fund for Covid 19	-	Chennai	-	-	-	2.00
5	Distribution of food, Masks and sanitizer in the city of Bangalore through M/s Sadasmitha (NGO)	-	Bangalore	-	-	-	4.00

Chennai
June 23, 2021

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 31.03.2021 and that to the best of our knowledge and belief,
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Chennai
June 23, 2021

Sd/-
U Saravanan
Chairman & Managing Director

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

**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, 2021 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	31/08/2015
2	SIYA SHARAN	07401363	21/12/2018
3	MOHAMMAD BAGHER DAKHILI	07704367	18/02/2017
4	LALSANGLUR	08118636	10/04/2018
5	BABAK BAGHERPOUR	08341090	23/10/2018
6	HARSH MALHOTRA	08520873	22/07/2019
7	SAMIEH KOKABI	09066692	10/02/2021

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

For V.Esaki & Associates
Company Secretaries

Sd/-

Name V.Esaki

Membership No : 30353

CP No : 11022

UDIN : A030353C000482068

Place : Chennai

Date : 18/06/2021



Comments of the Comptroller and Auditor General of India

- Madras Fertilizers Limited (MFL) has submitted its Financial Statements for the Financial Year 2020-21 on 14.07.2021 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.
- However, due to COVID-19, CAG is yet to issue comments on the Financial Statements of MFL till 01.09.2021.
- Keeping in view of compliance of the relevant provisions of the Companies Act, 2013 in letter and spirit, MFL has to give a 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 the 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 ANAND & PONNAPPAN, CHARTERED ACCOUNTANTS, CHENNAI ON THE ACCOUNTS OF MADRAS FERTILIZERS LIMITED FOR THE YEAR 2020-21	THE COMPANY'S REPLIES UNDER SECTION 134 (3)(f) OF THE COMPANIES ACT, 2013
	<p>(i) Goods and Service Tax (GST) Accounting:</p> <p>The balance of Input Tax Credit ("ITC") available in the books of accounts is higher by 56.83 crores as compared to the balance reflected in the Electronic Credit Ledger maintained in GST portal as on 31st March, 2021. Pending completion of reconciliation process, identification of entries requiring correction and its probable impact on the standalone financials' results could not be ascertained.</p> <p>(ii) Confirmation of Balances:</p> <p>The outstanding balances reflected under Trade receivables (excl. Subsidy receivable from Government), Trade payables and Advance from customers as on 31st March, 2021 are subject to confirmation from the parties. The probable impact of this qualification on the standalone financials' results could not be ascertained</p>	<p>(i) Goods and Service Tax (GST) Accounting:</p> <p>The company has appointed a consultant for preparation' and filing of GST returns. The consultant has not considered the Input Tax Credit (ITC) available in the books of accounts while filing the GST returns. The company is in the process of obtaining the list of suppliers who have not filed the GSTR-I and the consequent, credit to the electronic credit ledger. Once, the suppliers filed/rectified the GSTR returns, the credit will be availed by the company. The company is counseled that the amount could be recovered from the suppliers, in case of they have not filed/rectified, since they will be holding the GST collected from the company. Further, the ITC under the inverted duty structure and other balance ITC can be claimed within a period of two years from the end of the relevant financial year. The company is confident of reconciling the difference and availing the ITC in full.</p> <p>There will no impact in the financial statements, once the above corrective action is carried out.</p> <p>(ii) Confirmation of Balances:</p> <p>The company is in the process of the obtaining confirmations from suppliers and custome Since, all the customers and suppliers are currently doing business with the company; the company doesn't foresee any discrepancies in the reconciliation process. The company has also taken the security deposits and retention monies from suppliers and customers in order to protect the credit exposure of the company.</p> <p>Hence, the accounting is in order and there will no impact in the financial statements.</p>

For Anand & Ponnappan
Chartered Accountants

Sd/-
(R Ponnappan)
M.No.021695
Partner
FRN 000111S
June 23, 2021

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

For and on behalf of the Board of Directors

Sd/-
U SARVANAN
Chairman & Managing Director

June 23, 2021



S.No.	Other Queries	Reply
1	The company's internal financial control over GST Input Tax Credit availment, claim and reconciliation were not operating effectively, which could materially affect the financial performance and also possible effects on the liquidity position of the company.	<p>The Company has already appointed new GST Consultant to reconcile between MFL Books and E-credit ledger.</p> <p>To ensure that ITC has been taken care of in full, the Company proposes to modify its payment terms by which the GST portion of the bill raised by suppliers will be made to them after ensuring that the GSTR1 has been filed by the supplier which get auto populated in our GSTR2B.</p> <p>The ITC under the inverted duty structure and other balance ITC can be claimed within a period of two years from the end of the relevant financial year. The Company is confident of reconciling the difference and availing the ITC in full and the amount could be recovered from the suppliers, in case, they have not satisfied the GST provisions, as the suppliers are regular parties to MFL</p>
2.	The Company's internal control system for inventory-Stores and Spares with regard to receipts, issue for production and physical verification were not operating effectively. These could potentially result in material misstatements in the Company's consumption, inventory and expense account balances.	<p>The Company is in the process of integration of inventory management function with financial accounts thru IT enabled system for better control.</p> <p>Physical verification of Stores and Spares is carried out by an internal auditor of the company on an on-going basis so as to complete the verification of all items over the period of one year. The Company has formed a committee for physical verification of inventory-Stores and Spares.</p>
3.	We observed a few differences in the state-wise receivable balances reflected in the HO-OLIS (Corporate Accounts) and RO-OLIS (Marketing) on the reporting date. This is due to absence of periodical reconciliation between the two-accounting systems which are not integrated. These may lead to material misstatements in the Company's Trade receivables (Excl. Subsidy Receivable from Government) and consequential impact on the liquidity position.	The Company has taken steps for periodic reconciliation of the receivable balances reflected in the HO-OLIS and RO-OLIS. There will be no material misstatement in future.



S.No.	Other Queries	Reply
4	<p>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.</p> <p>Transactions relating to ROs occurred through RO-OLIS are not integrated with the corporate accounting module (i.e. OLIS), which requires an element of human intervention. Based on our audit procedures on test check basis, wherever accounting transactions arises outside the IT system, no instances of lack of integrity of the accounts along with the financial implications has been noted except point no.3 referred under Emphasis of Matters paragraph above, where the financial implication is Rs.7.18 Crores.</p>	<p>The process of integration of HO-OLIS and MO-ROOLIS thru IT enabled system is in place now.</p> <p>The difference between Stores ledger and Financial ledger of Rs 7.18 Cr were duly addressed in the books of accounts.</p> <p>The Company is also in the process of integration of inventory management function with financial accounts thru IT enabled system for better control</p>
5	<p>Clause No. i (b) &(c) of (CARO,2016)</p> <p>b. The company has policy of 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 once in three years, which in our opinion is not reasonable, having regard to the size and the magnitude of the organization. During the year, the company has not conducted any physical verification as the latest verification has been concluded in preceding financial year.</p>	<p>As suggested by Audit, the Company is evaluating option of physical verification programme once in two years instead of once in three years.</p>



S.No.	Other Queries	Reply
6	<p>Clause No. ii of (CARO.2016) Physical verification of inventories inside factory premises and at Chennai Port has been carried out by an independent surveyor at year end and whereas for stores and spares, an internal auditor of the company on an on-going basis so as to complete the verification of all items over the period of one year. Regarding the stock lying at warehouses are taken as per certification given by the management and same were duly confirmed through the iFMS portal maintained by Dept. of Fertilizers.</p> <p>Based on documents and reports made available to us, the physical verification conducted by the management and policies adopted thereon are reasonable and adequate. As discussed in Point No.3 of Emphasis of Matters Paragraph in our audit report, we have come across negative stores and spares worth of Rs.13.07 Crores and a variation of Rs.7.18 Crores between the balance as per the Stores Ledger and the Financial Ledger as on the 31stMarch, 2021, which were duly addressed by the management in the financial statements.</p>	<p>The difference between Stores ledger and Financial ledger were already duly accounted in the books of accounts.</p> <p>The Company is also in the process of integration of inventory management function with financial accounts thru IT enabled system for better control</p>
7	<p>Clause No. vii(b) of (CARO,2016) There were no outstanding of aforesaid statutory dues as on 31stMarch 2021 for a period of more than six months from the date they became payable except for the following</p>	<p>The Company is in the process of obtaining legal opinion on the above outstanding amounts and appropriate accounting will be made in the financial year 2021-22.</p>



S.No.	Other Queries	Reply
8	Further, the company withheld an amount of Rs.1.40 crores from contractor's payments towards Provident Fund and Employee State Insurance of the employees employed by the contractors.	The Company has withheld an amount of Rs 1.40 Cr from contractor's payments as per tender terms due to non-submission of relevant documents towards remittance of Provident Fund and Employee State Insurance contribution of the employees employed by them and created liability for the same in the books of accounts. The withheld amount will be released to the contractors upon submission of proof of payment towards Provident Fund and Employee State Insurance to protect the interest of the employees as the principal employer. The Company also following up with the service providers to settle Provident Fund and Employee State Insurance dues in time and produce proof of the same for early refund.
9	Clause No. viii of (CAR0,2016) 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 the Government of India (GOI) Loans.	The Company has submitted proposal for restructuring of the loans received from Government of India and the same is under active consideration. Upon approval, there will be no default in Government of India Loans.



Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along with Annual Financial Results

Statement on impact of Audit Qualifications for the Financial Year ended March 31, 2021 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

S. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Audited Figures (Audited Figures after adjusting for qualifications)
1	Total Income	1540.06	1540.06
2	Total Expenditure	1537.19	1537.19
3	Net Profit / (Loss)	34.41	34.41
4	Earnings Per Share	0.18	0.18
5	Total Assets	1211.00	1211.00
6	Total Liabilities	1211.00	1211.00
7	Net Worth	(695.25)	(695.25)
8	Any other financial item(s) (as felt appropriate by the management)	NIL	NIL

II. Audit Qualification (each audit qualification separately)

a. Details of Audit Qualifications:

(i) **Goods and Service Tax (GST) Accounting:**

The balance of Input Tax Credit ("ITC") available in the books of accounts is higher by 56.83 crores as compared to the balance reflected in the Electronic Credit Ledger maintained in GST portal as on 31st March, 2021. Pending completion of reconciliation process, identification of entries requiring correction and its probable impact on the standalone financials' results could not be ascertained.

(ii) **Confirmation of Balances:**

The outstanding balances reflected under Trade receivables (excl. Subsidy receivable from Government), Trade payables and Advance from customers as on 31st March, 2021 are subject to confirmation from the parties. The probable impact of this qualification on the standalone financials' results could not be ascertained.

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

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

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

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

➡ Management's estimation on the impact of Audit Qualification:

Not quantifiable.

➡ If management is unable to estimate the impact, reasons for the same:



(i) Goods and Service Tax (GST) Accounting:

The company has appointed a consultant for preparation and filing of GST returns. The consultant has not considered the Input Tax Credit (ITC) available in the books of accounts while filing the GST returns. The company is in the process of obtaining the list of suppliers who have not filed the GSTR-I and the consequent, credit to the electronic credit ledger. Once, the suppliers filed/rectified the GSTR returns, the credit will be availed by the company. The company is counseled that the amount could be recovered from the suppliers, in case of they have not filed/rectified, since they will be holding the GST collected from the company. Further, the ITC under the inverted duty structure and other balance ITC can be claimed within a period of two years from the end of the relevant financial year. The company is confident of reconciling the difference and availing the ITC in full.

There will no impact in the financial statements, once the above corrective action is carried out.

(ii) Confirmation of Balances:

The company is in the process of obtaining confirmations from suppliers and customers. Since, all the customers and suppliers are currently doing business with the company; the company doesn't foresee any discrepancies in the reconciliation process. The company has also taken the security deposits and retention monies from suppliers and customers in order to protect the credit exposure of the company.

Hence, the accounting is in order there will no impact in the financial statements.

(iii) Auditor's Comments on (i) or (ii) above:

Our opinion on the standalone financial results are based on the standards on auditing (SAs) and we are expressing only a reasonable assurance. The Non-availability of appropriate audit evidence and materiality involved, the qualifications are retained for the following reasons:

- i. As the GST reconciliation involves work of the management expert as per SA-500, and even assuming the amounts will be recovered from suppliers which are contingent upon the credit profile of the suppliers;
- ii. The confirmation of balances is part of our audit procedures as per SA-505, we are unable to comment upon the same until sufficient and appropriate audit evidence is being obtained for the outstanding balances for Trade receivables (excl. Subsidy receivable from Government), Trade payables and Advance from customers.

III. Signatories:

Sd/-
Chairman & Managing Director

Sd/-
Audit Committee Chairman

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

Sd/-
Statutory Auditor

Place : Chennai
Date : June 23, 2021



INDEPENDENT AUDITORS' REPORT

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

Qualified Opinion

We have audited the accompanying Standalone Ind AS financial statements of Madras Fertilizers Limited (referred to as the "Company") which comprises the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including other comprehensive income), Statement of Cash Flow and Statement of changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information, in the manner so required, and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("IND AS") and other accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2021, the Profit including other comprehensive income, changes in equity and its cashflows for the year ended on that date.

Basis for Qualified Opinion

1. Goods and Service Tax (GST) Accounting:

Attention is drawn to the Note No.30.11 to the Standalone Financial Statements, wherein it is disclosed that the balance of Input Tax Credit ("ITC") available in the books of accounts is higher by 56.83 crores as compared to the balance reflected in the Electronic Credit Ledger maintained in GST portal as on March 31, 2021. Pending completion of reconciliation process, identification of entries

requiring correction and its probable impact on the standalone financials' statements could not be ascertained.

2. Confirmation of Balances:

Attention is drawn to Note No.30.38 to the Standalone Financials Statements, which describes those outstanding balances reflected under Trade receivables (excl. Subsidy receivables from Government), Trade payables and Advance from Customers as on March 31, 2021 are subject to confirmation from the parties. The probable impact of this qualification on the standalone financials' statements could not be ascertained.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matters:

1. Remote Audit:

The COVID-19 Pandemic has resulted in restriction on physical visit to the client locations and the need for carrying out alternative audit procedures as per the Standards on Auditing prescribed by the Institute of Chartered Accountants of India (ICAI).

As a result of the above, the entire statutory audit of the company carried out based on the data



as provided by the management. This has been carried out based on the advisory on "Specific Considerations while conducting Distance Audit/ Remote Audit/ Online Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI. We have been represented by the management that the data provided for our audit purposes which we relied as correct, complete, reliable and are directly generated by the accounting system of the company without any further manual modifications.

The financial statements of the company have been thus prepared and presented by the company and audited by us in the aforesaid conditions.

2. Reclassification of Naphtha:

Attention is drawn to Note No. 30.20 to the Standalone Financial Statements, on reclassification of the stock of Naphtha under 'Assets Held for Sale' as not required for the operation of the company due to conversion of feedstock to RLNG during the FY 2019-20. The stock of naphtha held since 2019 got reduced from 4104 MT valued at ₹ 17.04 Crores to 3799 MT as confirmed by the Surveyor report and Daily Plant Report (DPR) report, as on March 31, 2021. The corresponding reduction in quantity valued at ₹ 1.26 Crores is charged off to the statement of profit and loss account.

3. Rectification of Stores & Spares:

Attention is drawn to Foot Note No.1.b of Note No.29 to the Standalone Financial Statements, wherein the Stores and Spares lying in the inventories consists of negative figures amounting to ₹ 13.07 Crores due to recognition of issue of items which are not physically available. Further, there is a variation of ₹ 7.18 Crores between the balance as per the Stores Ledger and the Financial Ledger as on the March 31, 2021. The management of the company has rectified the above differences in accordance with Ind AS 8- "Accounting Policies, Changes in Accounting Estimates and Errors".

4. Refurbishment of NPK A and B Trains:

Attention is drawn to the Note No.30.6 to the Standalone Financial Statements, wherein The NPK Train A and B are not in operation since 2005 whose Gross block is ₹ 29.19 Cr and carrying value as on March 31, 2020 is ₹ 2.22 Cr. During the year the management has derecognised the assets from Property, Plant and Equipment's (PPE) and classified under "Capital Work-in-progress" (CWIP) at its carrying value, as no future economic benefits flow to the company until refurbishment is undertaken as proposed by the management.

5. Penal Interest on GOI Loans:

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

6. Going Concern:

The Company has accumulated losses amounting to ₹ 857.37 Cr (PY. ₹ 891.78 Cr) with a negative net worth of ₹ 695.23 Cr (PY. ₹ 729.64 Cr). The current liabilities exceed its current assets by 1078.60 Cr (PY. 1056.13 Cr). However, the company has reported a total comprehensive income of ₹ 34.41 Cr as against the loss of PY ₹ 148.70 Cr. The company has submitted proposal for restructuring of the loans received from Government of India. However, considering the strategic importance of the industry in which the company operates and constitution of the equity shareholders and stakeholders, the standalone financial statements of the company have been prepared on going concern basis.

Our opinion is not modified in respect of these matters.

**Key Audit Matters:**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion and Emphasis of Matter paragraphs, we have determined the matters described below to be the key audit matters to be communicated in our report.

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

(Refer to Note No.1.G and 17 to the standalone financial statements)

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

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

During the current year ended March 31, 2021, the company has recognised subsidy income of ₹ 1,147.25 Crores which constitute significant portion of its total revenue. The recognition and realisation of subsidy income depends on the rates and the period for which approval is issued by the GOI.

Considering significant estimates involved, as mentioned above, revenue and profit may

undergo on account of change in such judgements and estimates, we consider this to be area of significance.

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

- ❖ We read the relevant notifications issued by the GOI and discussed with the management, to understand the underlying matters and basis for management judgement and estimates including necessary changes made in estimates to address variations noted in past. Also ascertained the prevailing trade practice in the fertilisers industries;
- ❖ We have correlated the sales quantity considered for subsidy income with the actual sales made by the Company. Further, we have also agreed the quantities sold as per the Company books with the customer acknowledgements as per the IFMS portal of the Department of Fertilisers and tested the DBT claims made by the Company;
- ❖ Further, we reviewed the accuracy of the management estimate of urea concession price in accordance with relevant New Pricing Scheme and tested the escalation/de-escalation adjustments made;
- ❖ We have enquired from the Management and discussed with those charged with Governance, the appropriateness of the subsidy rates applied to recognise subsidy income;
- We assessed the disclosures in the standalone financial statements in this regard;

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



2. Fair Value assessment of subsidy receivables from Government:

(Refer to Note No.24 to the standalone financial statements.)

Government Subsidy Receivables forms a significant part of the Company's current assets, amounting to ₹ 268.36 Crores as at March 31, 2021.

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

Our audit procedure includes:

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

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

3. Capital Spares:

As per the Accounting policies relating to Property, Plant & equipment (PPE), the company has stated that "Spare parts procured along with Plant & Equipment or subsequently, which meets the recognition criteria of PPE are capitalized

and added to the carrying amount of such items. The carrying amounts of those spare parts that are replaced are derecognized when no future economic benefits are expected from their use or upon disposal."

We consider this as a key audit matter involving significant technical judgments in determination of classification and recognition.

As part of audit procedure, we applied the concept of the accounting standard Ind AS 16 on test check basis to ensure the compliance criteria as stated in the standard in identifying the capital spares.

Also relied on the technical confirmation furnished by the company in support of their classification of the spare parts valuing ₹ 26.78 Crores under PPE in accordance with the Ind AS 16.

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

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

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

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

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



However, as discussed in the *Basis of Qualified Opinion* paragraph above, we were unable to obtain sufficient and appropriate audit evidence about the GST Input Tax Credit('ITC') reconciliation and the balance confirmations from the Trade receivables (excl. Subsidy receivables from Government), Trade payables and Advance from Customers as on March 31,2021. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matte

Responsibility of Management for the Standalone Financial Statements:

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatements, whether due to fraud or error.

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

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

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

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

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

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



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

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

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

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

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

Other Matters:

1. The comparative financial information of the company for the year ended March 31,2020 and opening balance sheet as at April 1,2019 included in these Standalone financial statements, are audited by the predecessor auditor of the company and their report dated Oct 09,2020 and May 27,2019 respectively expressed a modified opinion for the year ended March 31,2020 and an unmodified opinion for the year ended March 31,2019 on those standalone financial statements, as adjusted for the differences in adoption and changing in accounting policies and correction of prior period errors by the company during the period, which have been audited by us.

Further, we would like to draw the inference on the qualification made by the predecessor auditor on the standalone financial statements for the year ended March 31,2020, that was on adoption of Comparable Company Market Multiple Method (CMM) for fair valuation of unquoted equity instruments of Indian Potash Limited. In view of the qualification, the management had adopted the Cost approach (ie., Net Book Value Method) with effect from the FY 2019-20, in line with the practices adopted by the peers in the industry. Accordingly, the standalone financial statements for the year ended March 31,2020 have been restated. Consequently, the impact due to change in the said fair valuation technique had resulted in increase of Net Loss (incl. Other Comprehensive



Income) and the other equity and reduction in the Non-Current Investments for the year ended March 31,2020 by ₹ 102.70 Cr.

2. The company has eleven (11) Marketing Offices (ie., named as regional offices (RO's) across India, wherein all the dealers and sales related matters are being undertaken. As a part of our audit, we have visited and reviewed the operations of four (4) of the ROs and the operations of the ROs are satisfactory in nature.
3. At the conclusion of 54th Annual General Meeting of the company held through virtual mode on December 29,2020, the company has distributed SBI gift cards worth of 2000 each in lieu of sweet boxes to all the minority shareholders, who have attended the meeting. The same is prohibited as per clause 14 of Secretarial Standard-2 read with Sec.118(1) of the Companies Act, 2013. In these regards, the Ministry of Corporate Affairs (MCA) has issued a show cause notice against the company and its office
4. During the audit, we observed that most of charges already satisfied are still appearing in the records of 'Index of charges' under Ministry of Corporate Affairs (MCA) portal. The company has to take appropriate measures in order to clear the charges which are not live as on the date.
5. Due to COVID-19 pandemic, we are unable to attend the physical verification of inventories as a part of our audit procedures. Based on the further audit procedures, we have relied upon the internal auditor's report for stores and spares and Surveyor's report for finished goods, work-in progress, raw materials and packing materials. Regarding the stock lying in warehouses, we relied on the management certificate and the same were duly confirmed through the iFMS portal maintained by the Dept. of Fertilizers.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements:

1. As required under the directions and sub-directions issued by the Comptroller and Auditor General of India in terms of Sub-section (5) of Section 143 of the Companies Act 2013, we are enclosing our report in **"Annexure A"**.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable our report thereon is enclosed as **"Annexure B"**.
3. 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 except as stated in Basis for Qualified Opinion;
 - b. Except for the effects of matters described in Basis of Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books and proper adequate returns have been received from all the regional offices of the company;
 - c. The Company's Balance Sheet, the Statement of Profit and Loss (incl. Other Comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this report are in agreement with the books of accounts;
 - d. Except for the effects of matters described in Basis of Qualified Opinion paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with The Companies (Indian Accounting Standards) Rules, 2015, as amended thereon;



- e. The provisions of Section 164(2) of the Act in respect of disqualification of directors are not applicable to the Company, being a Government Company in terms of notification no. G.S.R.463 (E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, Government of India;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C". Our report expresses a Qualified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
- g. The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
- h. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;
- i. With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of section 197(16) of the Act, as amended:
The provisions of Section 197 read with Schedule V of the Act, relating to managerial remuneration are not applicable to the Company, being a Government Company, in terms of Ministry of Corporate Affairs Notification no. G.S.R. 463 (E) dated 5th June, 2015;
- j. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note No.30 to the standalone financial statements;
 - The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

For Anand & Ponnappan
Chartered Accountants
FRN000111S

Sd/-
R.Ponnappan
Partner
MRN 021695
UDIN: 21021695AAAADE1065

Place : Chennai
Date : 23.06.2021



ANNEXURE – A TO THE AUDITORS' REPORT

Referred to in Paragraph 1 under “Report on Other Legal and Regulatory Requirements” section of our report to the Members of the Company of even dated Report on Directions issued by the Comptroller and Auditor General of India under section 143(5) of the Companies Act, 2013)

PART-I- DIRECTIONS

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

The company has a system in place to process all the accounting transactions through IT system. Transactions relating to ROs occurred through RO-OLIS are not integrated with the corporate accounting module (ie., OLIS), which requires an element of human intervention. Based on our audit procedures on test check basis, wherever accounting transactions arises outside the IT system, no instances of lack of integrity of the accounts along with the financial implications has been noted except Point No.3 referred under *Emphasis of Matters* paragraph above, where the financial implication is ₹ 7.18 Crores.

Further, observed certain internal control weakness as given in point no.(b) & (c) of Qualified Opinion to our report on ‘Internal Financial Controls over Financial Reporting’, which is annexed as Annexure-C to our Independent Auditors’ Report.

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

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

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

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

Based on our examination of Books of Accounts of the company and as per the information & explanations given to us, the company has not received any funds for specific schemes from Central/State Government or its agencies.

PART-II- SUB-DIRECTIONS

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

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

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

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



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

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

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

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

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

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

4. State the impact of revision of subsidies for fertilizer products in valuation of fertilizers product closing stock.

The closing stock of Urea and Complex Fertilizers (NPK) as on March 31,2021 has been valued at cost. There is no impact of revision of subsidy in valuation of closing stock.

**For Anand & Ponnappan
Chartered Accountants**
FRN000111S

**Sd/-
R.Ponnappan
Partner**

Place : Chennai
Date: 23.06.2021

MRN 021695
UDIN: 21021695AAAADE1065



ANNEXURE - B TO THE AUDITORS' REPORT

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

We report that:

- i. In respect of the Company's fixed assets,
 - a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
 - b. The company has policy of 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 once in three years, which in our opinion is not reasonable, having regard to the size and the magnitude of the organization. During the year, the company has not conducted any physical verification as the latest verification has been concluded in preceding financial year;
 - c. The company has clear title deeds of Lands held in its name, measuring ₹ 337.45 acres in aggregate. For the land at Gujarat measuring 0.47 acres amounting to ₹ 1,75,800/- the company has not produced the original title deed for verification;
- ii. Physical verification of inventories inside factory premises and at Chennai Port has been carried out by an independent surveyor at year end and whereas for stores and spares, an internal auditor of the company on an ongoing basis so as to complete the verification of all items over the period of one year. Regarding the stock lying at warehouses are taken as per certification given by the management and same were duly confirmed through the iFMS portal maintained by Dept. of Fertilizers.

Based on documents and reports made available to us, the physical verification conducted by the management and policies adopted thereon are reasonable and adequate. As discussed in Point No.3 of Emphasis of Matters Paragraph in our audit report, we have come across negative stores and spares worth of ₹ 13.07 Crores and a variation of ₹ 7.18 Crores between the

balance as per the Stores Ledger and the Financial Ledger as on the March 31,2021, which were duly addressed by the management in the standalone financial statements.

- iii. Based on audit of books of accounts and the information & explanations given to us, the company has not granted any loans, secured or unsecured, to companies, firms and limited liability partnerships or other parties covered under the register maintained under section 189 of the Companies Act, 2013.

Hence, the reporting under the provisions of clause (iii) (a), (b) and (c) of the order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. Based on audit of books of accounts and the information & explanations given to us, the company has not accepted any deposits from the public, hence the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 of the Companies Act, 2013 and the rules framed there under, are not applicable.
- vi. The company is maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act for its fertilizer's products.

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

We have, however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. According to the information and explanations given to us, in respect of statutory dues:
 - a. The company is generally been regular in depositing undisputed applicable statutory dues including provident fund, employees' state



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

- b. There were no outstanding of aforesaid statutory dues as on March 31, 2021 for a period of more than six months from the date they became payable except for the following:

Nature of Dues	Amount (in Crores)
Entry Tax (Tamil Nadu)	2.53
Value Added Tax (Tamil Nadu)	2.51
Sales Tax under TNGST Act	7.79
Service Tax	0.29
Total	13.12

Further, the company withheld an amount of ₹ 1.40 crores from contractors' payments towards Provident Fund and Employee State Insurance of the employees employed by the contractors;

- c. There were no dues of GST, Income Tax, duty of customs, duty of excise and cess which have not been deposited on account of any disputes;
- 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 the following Government of India (GOI) Loans:

Nature of Loan	Amount of Default (in Crores)	Period of Default
Plan Loans	359.89	Instalments due from FY 2004-05 to till the date
Non-Plan Loans	20.77	
Revamp Loans	122.30	
Total	502.96	

- ix. The Company has not raised money by way of initial public offer or further public offer (including debt instrument) during the period under audit. However, the company has raised term loans from bank and the same has been utilised for intended purpose.

- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and as per the information and explanations given by the management, no fraud by the company or no material fraud on the company by its officers or employees has been noticed or reported during the year.
- xi. Being a Government Company pursuant to Notification No.-GSR 453(E) dated 05.06.2015 issued by the Ministry of Corporate affairs; the provisions of Section-197 of the act are not applicable to the company. Hence reporting under this clause is not applicable.
- xii. The company is not a Nidhi company and accordingly reporting under this clause is not applicable.
- xiii. In our opinion and according to the information and explanations give to us, all the related party transactions during the financial year are in compliance with Section 177 and 188 of Companies Act, 2013 and the details of the said transactions have been disclosed appropriately in the standalone financial statements in accordance with applicable Ind AS.
- xiv. During the year, company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, reporting under this clause is not applicable to the company.
- xv. In our opinion and based on the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him during the financial year under Section 192 of the Companies Act, 2013.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1935.

For Anand & Ponnappan
Chartered Accountants
FRN000111S

Sd/-
R.Ponnappan
Partner

MRN 021695

Place : Chennai
Date : 23.06.2021

UDIN: 21021695AAAADE1065



ANNEXURE – C TO THE AUDITORS' REPORT

Referred to in Paragraph 3 (f) under "Report on Other Legal and Regulatory Requirements" section of our report to the Members of the Company of even dated.

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

We have audited the Internal Financials Controls over Financial Reporting of Madras Fertilizers Limited (referred to as the "Company") for the year ended March 31, 2021, in conjunction with our audit of the Standalone Ind AS financial statements of the company.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered

Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide us for our audit opinion on the company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that:

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



- being made only in accordance with authorizations of management and directors of the company; and
- c. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31,2021:

- a. The company's internal financial control over GST Input Tax Credit availment, claim and reconciliation were not operating effectively which could materially affect the financial performance and also possible effects on the liquidity position of the company;
- b. The Company's internal control system for inventory-Stores and Spares with regard to receipts, issue for production and physical verification were not operating effectively. These could potentially result in material misstatements in the Company's consumption, inventory and expense account balances; and
- c. We observed a few differences in the state-wise receivable balances reflected in the HO-OLIS (Corporate Accounts) and ROs OLIS (Marketing) on

the reporting date. This is due to absence of periodical reconciliation between the two-accounting system which are not integrated. These may lead to material misstatements in the Company's Trade receivables (excl. Subsidy Receivable from Government) and consequential impact on the liquidity position;

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

In our opinion, except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the company has in all material respects, maintains adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31,2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31,2021 standalone financial statements of the Company, and one of these material weaknesses have affect our opinion on the standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements.

For Anand & Ponnappan
Chartered Accountants
FRN000111S

Sd/-
R.Ponnappan
Partner
MRN 021695

Place : Chennai
Date : 23.06.2021

UDIN: 21021695AAAAD1065



BALANCE SHEET

as at March 31, 2021

₹ Crores

Particulars	Note No.	As at March 31 2021	2020*	As at Apr 01, 2019*
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	2	188.39	214.99	153.92
Right of use assets	2.1	0.83	1.27	1.71
Capital Work-in-progress	2.2	17.78	3.13	30.59
Investment Property	3	1.24	1.22	1.22
Financial Assets				
i) Investments	4	202.75	179.80	197.91
ii) Loans	4.1.a	10.49	5.89	0.01
iii) Other Financial Assets	4.2.a	0.28	0.28	0.24
Other Non-Current Assets	5	14.01	16.47	17.03
Total Non-Current Assets		435.77	423.05	402.63
Current Assets				
Inventories	6	246.67	239.45	267.63
Financial Assets				
i) Trade Receivables	7	293.31	521.74	736.07
ii) Cash and Cash Equivalents	8	50.00	100.08	0.07
iii) Bank Balances other than (ii) above	8.a	29.79	33.23	36.75
iv) Loans	4.1.b	0.67	1.19	0.91
v) Other Financial Assets	4.2.b	5.02	4.00	11.13
Other Current Assets	9	133.99	95.97	109.13
Total Current Assets		759.45	995.66	1,161.69
Assets held for Sale		15.78	0.01	0.03
TOTAL ASSETS		1,211.00	1,418.72	1,564.35
EQUITY AND LIABILITIES				
Equity Share Capital	10	162.14	162.14	162.14
Other Equity	11	(857.37)	(891.78)	(743.08)
Total Equity		(695.23)	(729.64)	(580.94)

**BALANCE SHEET****as at March 31, 2021**

₹ Crores

Particulars	Note No.	As at March 31 2021	As at March 31 2020*	As at Apr 01, 2019*
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
i) Borrowings	12.1.a	26.30	51.28	78.62
ii) Lease Liabilities	12.2.a	0.61	1.96	3.00
Employee Benefit Obligation	13.1.a	40.51	42.44	38.61
Other non-current liabilities	14	0.76	0.89	1.01
Total Non-current Liabilities		68.18	96.57	121.24
Current Liabilities				
Financial Liabilities				
i) Borrowings	12.1.b	1,349.48	1,749.49	1,572.96
ii) Trade Payables	15	291.45	116.49	280.64
iii) Lease Liabilities	12.2.b	1.59	1.25	0.79
iv) Other Financial Liabilities	12.3	140.49	127.96	121.93
Employee Benefit Obligation	13.1.b	9.20	10.07	8.76
Other Current Liabilities	16	45.84	46.53	38.97
Total Current Liabilities		1,838.05	2,051.79	2,024.05
TOTAL EQUITY AND LIABILITIES		1,211.00	1,418.72	1,564.35

(*Restated -Refer-Note No. 29)

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

For and on behalf of Board of Directors

Sd/-

U Saravanan

Chairman and Managing Director

DIN 07274628

Sd/-

Lalsanglur

Director

DIN 08118636

Asper our Report of even date**For Anand and Ponnappan**

Chartered Accounts

FRN 000111S

Sd/-

Priya Ranjan Panda

General Manager F&A (a/c)

Sd/-

Dr. Girish Kumar

Company Secretary

Sd/-

R. Ponnappan

Partner

M No.021695

Place : Chennai

Date : 23.06.2021

**STATEMENT OF PROFIT AND LOSS****for the year ended March 31, 2021**

₹ Crores

Particulars	Note No.	Year Ended March 31	
		2021	2020*
Revenue			
Revenue from Operations	17	1,532.79	1,291.99
Other Income	18	7.27	12.49
Total Income		1,540.06	1,304.48
Expenditure			
Cost of Materials Consumed	19	916.30	932.32
Purchases of Stock-in-Trade	20	5.24	5.57
Changes in Inventories	21	(1.08)	(78.61)
Operating and Maintenance Expenses	22	363.24	321.60
Employee Benefits Expenses	23	100.97	96.80
Finance Costs	24	98.48	92.44
Depreciation and Amortization Expenses	25	31.14	31.57
Other Expenses	26	22.90	28.05
Total Expenses		1,537.19	1,429.74
Profit/(Loss) before Exceptional items and Tax		2.87	(125.26)
Exceptional Items		-	-
Profit/(Loss) after Exceptional items and Tax		2.87	(125.26)
Profit/(Loss) before Tax		2.87	(125.26)
Current Tax		-	-
Deferred Tax		-	-
Tax Expenses /(Income)		-	-
Profit/(Loss) for the Year (A)		2.87	(125.26)



STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2021

Particulars	Note No.	Year Ended March 31 2021	₹ Crores 2020
Other Comprehensive Income (Net of Tax) ('OCI')			
Items that will not be reclassified to Profit or Loss:			
Fair valuation of Non-current investment	27	22.95	(18.10)
Re-measurements of defined benefit obligation	27	8.59	(5.34)
Less: Tax (expenses)/benefit on the above	27	-	-
Total Other Comprehensive Income (B)		31.54	(23.44)
Total Comprehensive Income (A+B)		34.41	(148.70)
Earnings per Equity Share(EPS):			
Equity Shares of par value 10/- each			
Basic and Diluted		0.18	(7.78)
Number of Shares used in computing earning per share		16,11,01,300	16,11,01,300
(*Restated -Refer-Note No. 29)			

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

For and on behalf of Board of Directors

Sd/-

U SaravananChairman and Managing Director
DIN 07274628

Sd/-

LalsanglurDirector
DIN 08118636Asper our Report of even date
For Anand and PonnappanChartered Accounts
FRN 000111S

Sd/-

Priya Ranjan Panda

General Manager F&A (a/c)

Sd/-

Dr. Girish Kumar

Company Secretary

Sd/-

R. PonnappanPartner
M No.021695

Place : Chennai

Date : 23.06.2021

**STATEMENT OF CASH FLOW**

for the year ended March 31, 2021

₹ Crores

Particulars	Year Ended March 31	
	2021	2020*
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax from Continuing Operations	2.87	(125.26)
Add/(Less) Adjustment for :		
Depreciation and Amortization Expenses	31.14	31.57
Finance Costs	98.48	92.44
Interest Income	(2.05)	(3.68)
Dividend Income	(0.40)	(0.24)
Income from Investment Properties	(0.04)	(1.02)
(Profit)/Loss on sale of Property, Plant and Equipment	(0.02)	(0.12)
Operating Cash Flow before Working Capital Changes	129.98	(6.31)
Adjustment for :		
(Increase) / Decrease in Inventories	(7.22)	28.18
(Increase)/Decrease in Trade Receivables	228.43	214.33
(Increase)/Decrease in Loans & Advances	(4.08)	(6.16)
(Increase)/Decrease in Other Assets	(48.91)	24.34
Increase/(decrease) in Provisions	5.79	(0.20)
Increase/(decrease) in Trade Payables	174.96	(164.15)
Increase/(decrease) in Other Liabilities	11.71	13.47
Cash Generated from Operations	490.66	103.51
Direct Tax paid (Net of refunds)	-	-
Net Cash from Operating Activities	490.66	103.51
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	(6.34)	(92.20)
(Increase)/Decrease in Capital Work in Progress	(14.65)	27.46
Interest Received (Gross)	2.05	3.68
Income from Investment Properties	0.04	1.02
Dividend Income	0.40	0.24
Proceeds from sale of Property, Plant and Equipment	2.25	0.13
Net Cash from Investing Activities	(16.25)	(59.67)

**MADRAS FERTILIZERS LIMITED****C CASH FLOW FROM FINANCING ACTIVITIES**

Net proceeds from Term Borrowings	13.80	0.00
Net proceeds from Working capital and Short-term borrowings	(493.37)	94.61
Repayment of Lease Liability	(1.33)	(1.03)
Interest Paid	(43.58)	(37.41)
Net Cash from Financing Activities	(524.48)	56.17

ABSTRACT

(A) Net Cash from Operating Activities	490.66	103.51
(B) Net Cash from Investing Activities	(16.25)	(59.67)
(C) Net Cash used in Financing Activities	(524.48)	56.17
Net Increase/(Decrease) in Cash and Cash Equivalents	(50.07)	100.01
Cash and Cash Equivalents at the beginning of the year	100.08	0.07
Cash and Cash Equivalents at the end of the year	50.00	100.08

COMPONENTS OF CASH AND CASH EQUIVALENTS

Cash on Hand	0.00	-
Balance with banks:		
in Current and Cash Credit Accounts	-	0.08
in Term Deposits with less than 12 months maturity	50.00	100.00
Total Cash and Cash equivalents	50.00	100.08

(*Restated -Refer-Note No. 29)

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

Notes:

- 1 Statement of Cash Flows is prepared using Indirect Method as per Indian Accounting Standard-7 Statement of Cash Flows.
- 2 Figures for previous year have been regrouped wherever necessary for uniformity in presentation.
- 3 Figures in brackets indicate cash outflows.

For and on behalf of Board of Directors

Sd/-
U Saravanan
Chairman and Managing Director
DIN 07274628

Sd/-
Lalsanglur
Director
DIN 08118636

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

Sd/-
Dr. Girish Kumar
Company Secretary

In terms of our Audit Report of even date attached

For Anand and Ponnappan
Chartered Accountants

FRN:000111S

Sd/-
R.Ponnappan
Partner

M.No:021695

Place: Chennai
Date: 23.06.2021



MADRAS FERTILIZERS LIMITED

STATEMENT OF CHANGES IN EQUITY

as on March 31, 2021

₹ Crores

A) Share Capital

Particulars	No. of Shares	Amount
Restated Balance as at April 1, 2019	16,11,01,300	161.10
Changes during the year	-	-
Restated Balance as at March 31, 2020	16,11,01,300	161.10
Changes during the year	-	-
Balance as at March 31, 2021	16,11,01,300	161.10

B) Other Equity

Particulars	Reserves & Surplus Securities Premium	Items of Other Comprehensive Income Retained Earnings	Equity Instruments through OCI	Total Equity
Restated Balance as at April 1, 2019	12.39	(952.98)	197.51	(743.08)
Profit/(Loss) for the Year (2019-20)	-	(125.26)	-	(125.26)
Other Comprehensive Income (Net of tax)	-	(5.34)	(18.10)	(23.44)
Total Comprehensive Income for the year	-	(130.60)	(18.10)	(148.70)
Restated Balance as at March 31, 2020	12.39	(1,083.58)	179.41	(891.78)
Restated Balance as at April 1, 2020	12.39	(1,083.58)	179.41	(891.78)
Profit/(Loss) for the Year (2020-21)	-	2.87	-	2.87
Other Comprehensive Income (Net of tax)	-	8.59	22.95	31.54
Total Comprehensive Income for the year	-	11.46	22.95	34.41
Balance as at March 31, 2021	12.39	(1,072.12)	202.36	(857.37)

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

For and on behalf of Board of Directors

As per our Report of even date

For Anand and Ponnappan

Chartered Accounts

FRN 000111S

Sd/-

U Saravanan

Chairman and Managing Director

DIN 07274628

Sd/-

Lalsanglur

Director

DIN 08118636

Sd/-

Priya Ranjan Panda

General Manager F&A (a/c)

Sd/-

Dr. Girish Kumar

Company Secretary

Sd/-

R. Ponnappan

Partner

M.No. 021695

Place : Chennai

Date : 23.06.2021



1. SIGNIFICANT ACCOUNTING POLICIES

1.1. Corporate Information

Madras Fertilizers Limited ("MFL" or "the Company"), is a Public Sector Undertaking ('PSU') under the administrative control of the Department of Fertilizers ('DOF'), Ministry of Chemicals & Fertilizers, Government of India ('GOI') and is registered under the erstwhile Companies Act, 1956 with its registered office located at Manali industrial area, Chennai - 600 068.

The Company's equity shares are listed on the National Stock Exchange ('NSE'). MFL is engaged in the manufacture of Urea and Complex Fertilizers. It is also engaged in manufacturing Bio-fertilizers and trading eco-friendly Agro Chemicals, Organic Manure and City Compost under the brand name 'Vijay'.

1.2. Basis of preparation and Statement of compliance

- a. These financial statements have been prepared in accordance with applicable Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 (the 'Act') and the relevant provisions of the Act and Rules thereunder, as amended time to time.
- b. The financial statements have been prepared on a going concern basis, using the historical cost basis and on accrual method of accounting except for the items which are specifically indicated in the concerned accounting policies.
- c. These financial statements are prepared in Indian Currency (INR) which is also the company's functional currency. All amounts disclosed in the financials have been rounded-off to the nearest crores unless otherwise stated.

d. Fair Value Measurement:

The Company's accounting policies and disclosures require the measurement of fair values for financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. The Company regularly reviews significant unobservable inputs and valuation adjustments. In cases where fair values are to be computed by third parties, the Company assesses the evidence obtained by such third parties to support the conclusions that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.



1.3. Significant Accounting Policies

A. Property, Plant and Equipment:

Freehold land is carried at historical cost. All other items of **Property, Plant and Equipment** are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Spare Parts are capitalized when they meet the definition of PPE.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognized when replaced. All other repairs and maintenance are charged to Profit or Loss during the reporting period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Profit or Loss within other gains/(losses).

Capital Work in progress consists of costs incurred on projects and other capital works under feasibility/ commission stage. Cost includes expenses attributable to the work-in progress. Advances paid towards acquisition of Property, Plant and Equipment outstanding at each Balance sheet date is classified as capital advances under 'Other non-current assets'. Plant & Machinery which are not in use for want of refurbishing are regrouped under CWIP at their carrying cost till put into use.

Depreciation:

Depreciation on property, plant and equipment is provided for in conformity with the provisions of Schedule II to the Companies Act, 2013 on the basis of useful life of the asset as reviewed at each reporting date based on the technical evaluation using the straight-line method.

In respect of plant and machinery, buildings, roads & bridges and railway siding residual value of 5% and INR

1 in respect of other property, plant and equipment incl. asset acquired out of Govt Grant/retailer margin and Capital Spares. In the year of commissioning / retirement of assets, depreciation is calculated on pro-rata basis, for the period the asset is available for use.

Assets costing less than INR 5,000 are capitalized and charged to the statement of profit and loss in the year of purchase by retaining a residual value of INR 1.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives best represent the period over which management expects to use these assets.

De-recognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit and loss.

B. Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is any indication that an asset or a group of assets (cash generating unit) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset, which is the greater of its value in use and its net selling price. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.



C. Leases:

The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after 1 April 2019.

Transition:

Effective April 01, 2019, the company adopted Ind AS 116 "leases" and applied the standard to all applicable lease contracts existing on April 1, 2019 using the modified retrospective method with cumulative effect of initially applying the standard recognised on the date of initial application. Accordingly, company has not restated comparative information and recognised right of use assets at an amount equal to lease liability.

Company as a Lessee:

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently amortised using the straight-line method from the commencement date to the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if not readily determinable, using the Company's incremental borrowing rate.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., The higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

Company as a Lessor:

At the inception of the lease, the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income over the lease term on a straight-line basis.

D. Investment properties:

Properties held to earn rentals and/or capital appreciation are classified as investment property and are measured and reported at cost, including transaction costs and borrowing cost capitalised for qualifying assets, in accordance with the Company's accounting policy.

Depreciation is recognised using straight-line method so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property. The estimated useful



life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/ residual value is accounted on prospective basis. Freehold land is not depreciated.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognised in the Statement of Profit and Loss in the same period.

E. Inventories:

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In case of manufactured goods (finished goods) and work in progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

The method of determination of cost of various categories of inventories is as follows:

1. Raw and packing materials-FIFO;
2. Stores and Spares and Catalyst (not in use) – Monthly Moving Weighted Average Cost;
3. Finished goods and work-in-process – Cost of production. Which comprises of direct material costs, direct wages and applicable overheads.;
4. Stock-in-trade – FIFO;
5. Goods in transit/under inspection are valued at cost;

Work in Progress includes Ammonia, Manufactured Bulk Urea and off-Spec Manufactured products.

Catalyst (in use) will be charged off over its useful life as assessed by the Technical Department.

Net realizable value represents the estimated selling price, including subsidy income where ever applicable, of inventories less all estimated costs of completion and costs necessary to make the sale.

Non-moving/obsolete stores and spares: The Technical Committee will review the spares once a year and shortlist

such spares as are considered obsolete/non-moving, the same is written off from the books with due approvals of the Board.

F. Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods is recognised net of returns and trade discounts, when the control over the goods is transferred to the customer. The performance obligation in case of sale of goods is satisfied at a point in time i.e., when the goods are shipped to the customers or on delivery to the customer, as per applicable terms.

The Company recognizes subsidy income as per Ind AS 20 'Accounting for Government Grants and Disclosure of Government Assistance' on the basis of the rates notified from time to time by the Government of India in accordance with the notified policies under the head "Other Operating Revenue".

Income from services rendered is recognised based on the agreements/arrangements with the concerned parties and when services are rendered by measuring progress towards satisfaction of performance obligation for such services.

Other Income:

- a. Income from rentals for properties given on lease to third parties are recognized on accrual basis.
- b. All other claims are recognized when there is a reasonable certainty of recovery.

G. Government Grants:

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in statement of profit and loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets or deducting in the carrying amount of the respective assets.



Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in the statement of profit and loss in the period in which they become receivable in accordance with the notified policies as under:

- i. Urea subsidy income is recognised on the basis of the rates notified from time to time by the Government of India on the quantity of fertilisers sold by the Company for the period for which notification has been issued. Increase /decrease on account of annual escalation/ de-escalation in input prices is considered based on realistic estimates pending issue of notification by the Government. Adjustments are effected in respect of difference, if any, in the year of receipt of final notification;
- ii. Subsidy on Phosphatic and Potassic (P&K) fertilizers is recognized as per concession rates notified by the Government of India under Nutrient Based Subsidy (NBS) Scheme from time to time on the quantity of fertilisers sold by the Company for the period for which notification has been issued;
- iii. Uniform freight subsidy on Urea, P&K fertilizers and Imported Urea has been accounted in accordance with the parameters and notified rates;
- iv. Subsidy on City Compost is recognized based on rates, as notified by the Government of India;
- v. Special Compensation received on conversion of feedstock to LNG is recognised based on rate as notified;

H. Borrowing Costs:

General and Specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on

qualifying assets is deducted from the borrowing costs eligible for capitalization.

Capitalisation of borrowing costs is suspended when active development activity on the qualifying assets is interrupted other than on temporary basis and charged to the Statement of Profit and Loss during such extended periods.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

I. Foreign Currency Translation: Functional and Presentation Currency:

Items included in the financial statement of the Company are measured using currency of the primary economic environment in which the entity operates ('the functional currency'). India being the primary economic environment of the Company, the Financial Statements are presented in Indian Rupee (INR), which is Company's functional and presentation currency.

Transactions and Balances:

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in Profit or Loss.

J. Financial Instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in statement of profit and loss.

***Financial Assets:***

At initial recognition trade accounts receivables (in accordance with Ind AS 115) are measured at their transaction price.

For the purpose of subsequent measurement, financial assets are classified into the following categories:

- amortised cost
- financial assets at fair value through profit or loss (FVTPL)
- financial assets at fair value through other comprehensive income (FVOCI)

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date.

Investments in equity instruments are recognized and subsequently measured at fair value. The Company's equity investments are not held for trading. In general, changes in the fair value of equity investments are recognized in the income statement. However, at initial recognition the Company elected, on an instrument-by-instrument basis, to represent subsequent changes in the fair value of individual strategic equity investments in other comprehensive income (loss) ("OCI").

Cash and Cash Equivalents:

The Company considers all highly liquid financial instruments which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and Cash Equivalents consist of balances with banks which are unrestricted for withdrawal and usage. Restricted cash and bank balances are classified and disclosed as other bank balances.

Financial Assets at Amortised cost:

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts)

through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in the statement of profit and loss and is included in the "Other income" line item.

Financial Assets at FVOCI:

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to statement of profit and loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognised in statement of profit and loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in statement of profit and loss are included in the 'Other income' line item.

***Financial Assets at FVTPL:***

Financial assets at FVTPL include financial assets that are either do not meet the criteria for amortised cost classification or that are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Impairment of Financial Assets:

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, lease receivables, trade receivables and other contractual rights to receive cash or another financial asset. The expected credit loss approach requires that all impacted financial assets will carry a loss allowance based on their expected credit losses. Expected credit losses are a probability-weighted estimate of credit losses over the contractual life of the financial assets.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

The impairment provisions for trade receivables are based on reasonable and supportable information including historic loss rates, present developments such as liquidity issues and information about future economic conditions, to ensure foreseeable changes in the customer-specific or macroeconomic environment are considered.

Derecognition of financial assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company

recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial Liabilities:

The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in the statement of profit and loss.

Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts



and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparty.

K. Fair Value Measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is the use of fair value (i.e., is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants) at the measurement date in measuring the assets and liabilities of an entity. The Company opts to follow fair value measurement as per Ind AS 113 viz, in respect of financial assets and financial liabilities as stated in the notes no. 1.2;

L. Earnings Per Share:

The basic Earnings Per Share ("EPS") is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares. The Company did not have any potentially dilutive securities in the years presented.

M. Employee Benefits:**Short term employee benefits:**

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present, legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Short term employee benefits comprise of wages, salaries, incentives, short term leave salary etc.

Post-employment benefits:**Defined Contribution Plans:**

Contributions paid/payable to defined contribution plans comprising of Superannuation and Provident Funds for

employees covered under the respective Schemes are recognised in the profit or loss each year when employees have rendered service entitling them to the contributions.

Defined benefit plans:

Contributions towards gratuity and provident fund trust are considered as defined benefit plans and provided for in accordance with the Guidelines issued by Department of Public Enterprises. Out of the defined benefit plans in the Company only gratuity is a funded defined benefit plan.

The Company makes Provident fund contributions to the Trust set up by the company, at a specified percentage of the employees' salary. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The company has an obligation to make good the short fall, if any, between the return from the investment of the trust and the notified interest rate.

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

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

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

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

Other long-term employee benefits:

Benefits under the Company's earned leave, post-retirement medical benefits and service awards constitute other long term employee benefits and are recognized



based on an actuarial valuation using the projected unit credit method. These actuarial gains or losses are recognized in the statement of profit and loss in the period in which they arise.

N. Income Taxes:

Income tax expense comprises current and deferred tax. It is recognized in the statement of profit and loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

Current Tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous year. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred Tax:

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss;
- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are adjusted accordingly.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected

to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

O. Non-Current Assets held for Sale:

Non-current assets and disposal group are classified as "Held for Sale" if their carrying amount is intended to be recovered principally through sale rather than through continuing use. The condition for classification of "Held for Sale" is met when the non-current asset or the disposal group is available for immediate sale and the same is highly probable of being completed within one year from the date of classification as "Held for Sale".

Non-current assets and disposal group held for sale are measured at the lower of carrying amount and fair value less cost to sell. The same are not depreciated or amortized while they are classified as held for sale.

Non-current assets and disposal group that ceases to be classified as "Held for Sale" shall be measured at the lower of carrying amount before the non-current asset and disposal group was classified as "Held for Sale" adjusted for any depreciation/ amortization and its recoverable amount at the date when the disposal group no longer meets the "Held for Sale" criteria.

P. Operating Segments:

In accordance with Ind AS 108 Operating Segments, the operating segments used to present segment information are identified on the basis of internal reports used by the Company's Management to allocate resources to the segments and assess their performance.

The CMD is the Company's 'Chief Operating Decision Maker' or 'CODM' within the meaning of Ind AS 108. The indicators used for internal reporting purposes may evolve in connection with performance assessment measures put in place.



Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

Q. Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognized. They are disclosed only when an inflow of economic benefit is probable from such assets.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

R. Exceptional Items:

Exceptional items are disclosed separately in the Financial Statements where it is necessary to do so to provide further understanding of the financial performance of the company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

S. Current and Non-Current classification:

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Ind AS 1 Presentation of Financial Statements.

Operating cycle: Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

T. Statement of Cash Flow

Statement of Cash Flow is prepared in accordance with the indirect method prescribed under Ind AS 7 Statement of Cash Flow.

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 flow from operating, investing and financing activities of the Company are segregated.

1.4. Critical Accounting estimates and judgements:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and related disclosures concerning the items involved as well as contingent assets and liabilities on the date of the financial statements and the reported amount of income and expense during the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes, requiring a material adjustment in the carrying amounts of assets or liabilities in future periods. Difference between the actual results and estimates are recognized in the period in which the results are known or materialized.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Notes to the Standalone Financial Statements

2 : Property, Plant and Equipment

₹ Crores

Particulars	Land	Buildings	Road, bridges and other facilities	Railway Siding	Plant & Machinery	Automotive and service equipment	Lab equipment	Office equipment	Furniture and fittings	Air Conditioner & Water Coolers	Total
Gross Block											
Balance as on April 1, 2019	0.72	6.35	2.38	0.09	212.55	1.44	0.53	3.84	0.45	0.29	228.64
Additions	-	3.07	0.49	-	87.95	0.41	-	0.03	0.23	0.02	92.20
"Deletions/ Adjustments"	-	-	-	-	-	1.78	0.03	-	-	0.26	2.07
Redeclared as held for sale	-	-	-	-	-	-	-	-	-	-	-
Balance as on March 31, 2020	0.72	9.42	2.87	0.09	300.50	0.07	0.50	3.87	0.68	0.05	318.77
Additions	-	0.15	-	0.44	4.29	-	1.09	0.12	0.01	0.24	6.34
"Deletions / Adjustments"	-	-	-	0.36	29.26	0.02	-	0.03	-	0.01	29.68
Redeclared as held for sale/Investment Property	0.02	-	-	-	-	-	-	-	-	-	0.02
Balance as on March 31, 2021	0.70	9.57	2.87	0.17	275.53	0.05	1.59	3.96	0.69	0.28	295.41
Depreciation/Amortisation											
Balance as on April 1, 2019	-	1.12	0.09	0.03	71.15	0.24	(0.28)	2.16	0.13	0.08	74.72
Additions	-	0.38	0.43	0.02	28.58	0.21	0.29	1.11	0.07	0.04	31.13
"Deletions/ Adjustments"	-	-	-	-	-	1.78	0.03	-	-	0.26	2.07
Balance as on March 31, 2020	-	1.50	0.52	0.05	99.73	(1.33)	(0.02)	3.27	0.20	(0.14)	103.78
Additions	-	0.50	0.46	0.02	27.94	0.20	0.35	1.10	0.08	0.05	30.70
"Deletions / Adjustments"	-	-	-	0.36	27.04	0.02	-	0.03	-	0.01	27.46
Balance as on March 31, 2021	-	2.00	0.98	(0.29)	100.63	(1.15)	0.33	4.34	0.28	(0.10)	107.02
Net Block											
As at March 31, 2020	0.72	7.92	2.35	0.04	200.77	1.40	0.52	0.60	0.48	0.19	214.99
As at March 31, 2021	0.70	7.57	1.89	0.46	174.90	1.20	1.26	(0.38)	0.41	0.38	188.39

Notes:

- The Company has elected the previous GAAP carrying amounts as deemed cost on the date of transition for Property, plant & equipment. Hence, net block as at March 31, 2016 is considered as opening gross block as at April 1, 2016.
- Land Includes: ₹ 0.12 Cr being payment for 297.75 acres out of 329.40 acres handed over to the Company by the Tamilnadu Government and is subject to communication of final value by the Government.
- Includes ₹ 0.08 Cr representing 5/24 share of total cost of the Railway Siding commonly used by Chennai Petroleum Corporation Limited, Madras Fertilizers Limited, Madras Petrochem Limited, Steel Authority of India Limited and Rashtriya Ispat Nigam Limited.





Notes to the Standalone Financial Statements

₹ Crores

2.1 : Right of use assets

Particulars	Land
Gross Block	
Balance as on April 1,2019	1.71
Additions	-
Deletions / Adjustments	-
Reclassified as held for sale	-
Balance as on March 31,2020	1.71
Additions	-
Deletions / Adjustments	-
Reclassified as held for sale	-
Balance as on March 31,2021	1.71
Depreciation/Amortisation	
Balance as on April 1,2019	-
Additions	0.44
Deletions / Adjustments	-
Balance as on March 31,2020	0.44
Additions	0.44
Deletions / Adjustments	-
Balance as on March 31,2021	0.88
Net Block	
As at March 31,2020	1.27
As at March 31,2021	0.83

3: Investment Property

Particulars	Land	Buildings
Gross Block		
Balance as on April 1,2019	1.13	0.33
Additions	-	-
Deletions / Adjustments	-	-
Reclassified as held for sale	-	-
Balance as on March 31,2020	1.13	0.33



Notes to the Standalone Financial Statements

₹ Crores

Particulars	Land	Buildings
Additions	0.02	-
Deletions / Adjustments	-	-
Reclassified as held for sale	-	-
Balance as on March 31,2021	1.15	0.33
Depreciation / Amortisation		
Balance as on April 1,2019	-	0.23
Additions	-	0.01
Deletions / Adjustments	-	-
Balance as on March 31,2020	-	0.24
Additions	-	0.01
Deletions / Adjustments	-	-
Balance as on March 31,2021	-	0.25
Net Block		
As at March 31,2020	1.13	0.09
As at March 31,2021	1.15	0.08

Particulars	As at March 31	
	2021	2020

2.2 : Capital Work-in-progress

Capital Work in Progress -Tangible Assets

Balance as at beginning of the year	3.13	30.59
Add: Additions during the year	11.66	30.79
Less: Transfer to Property, Plant and Equipment (Note 2)	(0.78)	(58.25)
Less: Other Allocation/ Adjustment during the year,if any	-	-
	14.01	3.13

Capital Goods in Transit

Balance as at beginning of the year	-	-
Add: Additions during the year	3.77	-
Less: Transfer to Property, Plant and Equipment (Note 2)	-	-
	3.77	-
Total	17.78	3.13



Notes to the Standalone Financial Statements

₹ Crores

Particulars	As at March 31	
	2021	2020
4 : Financial Assets -Investments		
Unquoted Equity Instruments at FVTOCI		
(a) Indian Potash Limited	202.75	179.80
15,84,000 Equity Shares (P.Y 15,84,000) of ₹ 10 each fully paid.		
(b) Fortune Bio-Tech Ltd	1.25	1.25
12,50,000 Equity shares (P.Y 12,50,000) of ₹ 10 each fully paid.		
Less: Expected Credit Loss Allowance	(1.25)	(1.25)
Total	202.75	179.80
<i>Aggregate Amount of unquoted investments</i>	<i>202.75</i>	<i>179.80</i>
<i>Aggregate Amount of impairment in value of investments</i>	<i>1.25</i>	<i>1.25</i>
4.1.a : Loans (Non-current)		
Advances to Employees		
Considered good- Unsecured	10.49	5.89
Total	10.49	5.89
4.1.b : Loans (Current)		
Advances to Employees		
Considered good- Unsecured	0.67	1.19
Total	0.67	1.19
4.2.a :Other Financial Assets (Non-current)		
Rental Deposits	0.28	0.28
Total	0.28	0.28
4.2.b : Other Financial Assets (Current)		
Claims recoverable		
- Others	6.03	5.01
Less : Expected Credit Loss Allowance	(1.01)	(1.01)
Total	5.02	4.00
5 : Other Non-Current Assets		
Deposits with government departments and others	13.83	14.75
Balances with customs, port trust and excise authorities	0.01	0.94
Lease equalization reserve	0.17	0.78
Total	14.01	16.47



Notes to the Standalone Financial Statements

₹ Crores

Particulars	As at March 31	
	2021	2020
6 : Inventories		
For Operations		
(a) Raw materials	74.15	67.82
Add : Raw materials in transit	-	-
	74.15	67.82
(b) Work in progress	72.76	65.47
(c) Finished goods		
- Fertilizers	23.90	30.11
- Agro Chemicals	-	-
(d) Stores and Spares	66.03	56.36
Add: Stores in transit	0.42	6.59
	66.45	62.95
(e) Loose tools	-	0.21
(f) Catalysts		
- In use	4.48	8.96
- Not in use (available in Stores)	2.99	1.24
(g) Packing Materials	1.94	2.69
Total	246.67	239.45
7 : Trade Receivables (Current)		
Towards Subsidy		
(a) Considered Good Unsecured	268.36	483.48
Towards Sale of Goods		
(a) Considered Good Secured	24.95	38.26
(b) Considered Good Unsecured	-	-
(c) Which have significant increase in credit risk	-	-
(d) Credit Impaired	4.44	4.44
	29.39	42.70
Less: Expected Credit Loss Allowance	(4.44)	(4.44)
	24.95	38.26
Total	293.31	521.74
8 Cash and Cash Equivalents		
Cash on hand	0.00	0.00
Balances with Banks		
In Current Account	0.00	0.08
In Deposit Account (Maturity < 3 months)	50.00	100.00
Total	50.00	100.08



Notes to the Standalone Financial Statements

₹ Crores

Particulars	As at March 31	
	2021	2020
8.a : Bank Balances other than Cash and Cash Equivalents		
Margin Money Deposits	29.79	33.23
Total	29.79	33.23
9 : Other Current Assets		
Unsecured, considered good unless otherwise stated		
Prepaid expenses	14.56	14.13
Prepaid rent	-	0.02
GST Input Credit	94.49	68.55
Advances to Suppliers, Employees, etc., *	24.32	12.84
Lease equalization reserve	0.62	0.43
Total	133.99	95.97

*Includes amount recoverable from GAIL (Pool Operator) on account of Gas Pool Account amounting to ₹ 22.08 Cr (CPLY ₹ 10.46 Cr) out of ₹ 12.19 Cr pertains to FY 2019-20.

10 : Equity Share Capital		
Authorised :	365.00	365.00
17,50,00,000 Equity Shares of 10/- each	175.00	175.00
19,00,00,000 Preference Shares of 10/- each	190.00	190.00
Issued, Subscribed and paid-up :		
16,11,01,300 Equity Shares of 10/- each fully paid up	161.10	161.10
Forfeited Shares:		
20,76,600 Equity Shares of 5/- paid up	1.04	1.04
Total	162.14	162.14

a) Rights, preferences and restriction relating to each class of share capital:

Equity shares: The Company has one class of equity shares having a face value of 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in the case of interim dividend.

In the event of liquidation of the Company, the shareholders will be eligible to receive remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

Preference shares: The Company has a class of preference shares having face value of 10 per share with such rights, privileges and conditions respectively attached thereto as may be from time to time confirmed by the regulations of the company. No such preference shares are issued and outstanding as of March 31, 2021 (2020: Nil)



Notes to the Standalone Financial Statements

₹ Crores

Particulars	As at March 31	
	2021	2020
b) Particulars of shareholders holding more than 5% shares of equity shares		
Equity shares of ₹ 10 each fully paid-up held by -	No.of Shares(%)	No.of Shares(%)
Hon'ble President of India	95851700 (59.50%)	95851700 (59.50%)
Naftiran Intertrade Co. Ltd	41516500 (25.77%)	41516500 (25.77%)
Public (collectively)	25809700 (14.73%)	25809700 (14.73%)

11 : Other Equity**Other Reserves:****Securities premium***

Opening balance	12.39	12.39
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Addition / (utilization) during the period	-	-
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Closing balance	12.39	12.39
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Retained Earnings**Opening Balance**

(1,083.58)	(952.98)
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Profit/ (Loss) for the year	2.87	(125.26)
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Other Comprehensive Income recognized directly in Retained Earnings

<i>As per last Balance Sheet</i>	179.41	197.51
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Add/(Less) : During the Year	31.54	(23.44)
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Total	(857.37)	(891.78)
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*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

12.1.a : Financial Liabilities -Borrowings (Non-current)

Unsecured loans		
Government of India ('GOI') loan	25.24	51.28
Term Loans from Bank	1.06	-
Total	26.30	51.28

"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 12.1.b"



Notes to the Standalone Financial Statements

₹ Crores

Particulars	As at March 31	
	2021	2020
12.1.b : Financial Liabilities -Borrowings (current)		
Secured Loans		
Cash credit from banks	95.92	171.86
Bills accepted under letter of credit	-	109.76
<i>(Secured by hypothecation of inventories and book debts including GOI subsidy receivable with first charge on all immovable properties at Manali both present and future.)</i>		
Special Banking Arrangements	-	307.67
Unsecured Loans		
GOI loan - current portion:		
- Principal	529.00	502.96
- Interest accrued and due	711.82	657.24
Term Loans from Bank	12.74	-
Total	1,349.48	1,749.49
12.2.a : Lease Liabilities (Non-current)		
Land	0.61	1.96
Total	0.61	1.96
12.2.b : Lease Liabilities (Current)		
Land	1.59	1.25
Total	1.59	1.25
12.3 : Other Financial Liabilities (Current)		
Interest accrued but not due on loans	15.55	15.55
Statutory Dues	21.77	22.68
Dealer Deposits	89.49	82.61
Others	13.68	7.12
	140.49	127.96
13.1.a Employee Benefit Obligation (Non-current)		
Provisions towards Employee Benefits : Non-current		
Retired medical benefits	1.95	1.98
Leave encashment	11.85	13.13
Service awards	0.43	0.29
Gratuity	26.28	27.05
Total	40.51	42.44



Notes to the Standalone Financial Statements

₹ Crores

Particulars

As at March 31
2021 2020**13.1.b : Employee Benefit Obligation (Current)**

Provision towards Employee Benefits: Current

Retired medical benefits	0.25	0.27
Leave encashment	3.04	3.43
Service awards	0.16	0.10
Gratuity	5.75	6.27

Total	9.20	10.07
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14 : Other Non- Current Liabilities

Rent received in advance	0.76	0.89
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Total	0.76	0.89
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15 : Trade Payables

Trade Payables		
Secured	204.94	69.62
Unsecured	86.51	46.87
- Total outstanding dues of micro enterprises and small enterprises	0.23	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	291.22	116.49
Total	291.45	116.49

Secured against the following:

Dues to IOC ₹ 204.94 Cr (March 31, 2020 ₹ 68.41 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.

16 : Other Current Liabilities

Advance from Customers	45.72	46.41
Rent received in advance	0.12	0.12
Total	45.84	46.53



Notes to the Standalone Financial Statements

₹ Crores

Particulars	Year ended March 31	
	2021	2020
17 : Revenue from Operations (Net)		
Sale of Products (Net of GST)		
Manufactured Goods	374.92	329.00
Traded Goods	6.78	6.25
	381.70	335.25
Less: Rebates	(0.00)	(0.00)
Net Sales	381.70	335.25
Subsidy from Government:		
Manufactured Goods-Urea Subsidy		
Price Subsidy	1,057.08	850.61
Freight Subsidy	47.45	32.97
	1,104.53	883.58
Manufactured Goods-NPK		
Price Subsidy	38.10	50.36
Freight Subsidy	3.66	5.09
	41.76	55.45
Traded Goods-City Compost		
Price Subsidy	0.96	1.81
	0.96	1.81
Other Operating Income:		
Exchange Rate Fluctuation	2.00	0.01
Sale of Scrap	1.10	0.50
Rectification for Stores & Spares	0.74	15.39
Total	1,532.79	1,291.99

"Note :The procedure for release of subsidy has been revised with the introduction of Direct Benefit Transfer (DBT) Scheme in a phased manner for all fertilizers. The revised procedure entails 100% payment of subsidy under DBT scheme on the basis of actual sale by the retailers to the beneficiaries on weekly basis through POS machines.

Pursuant to above procedure, pending sale of Urea, P&K fertilizer and City Compost totalling 49059 MT, 8595 MT and 1401 MT respectively through POS machine to beneficiaries as on March 31,2021, subsidy of ₹ 115.30 Cr which has accrued on sale to dealers but shall become due for payment under DBT upon sale through POS machines has been recognized in the current period (CPLY quantities 33742 MT & 6296 MT respectively and subsidy ₹ 94.97 Cr)."



Notes to the Standalone Financial Statements

₹ Crores

Particulars	Year ended March 31	
	2021	2020
18 : Other Income		
<i>Interest income under Effective Interest Method:</i>		
From Bank and Others	2.05	3.68
Dividend Income - Non-Current Investments	0.40	0.24
Profit on sale of Assets (Net)	0.02	0.12
Rental Income	1.72	1.60
Written Back of Accounts	-	5.21
Others	3.08	1.64
Total	7.27	12.49
19 : Cost of Materials Consumed		
Opening Stock	67.82	118.94
Add: Purchases	939.67	881.20
	1,007.49	1,000.14
Less:		
Reclassification of Naphtha	(17.04)	-
Closing Stock	(74.15)	(67.82)
Total	916.30	932.32
20 : Purchase Stock in Trade		
Agrochemicals	1.98	1.46
Organic manure	1.61	0.90
City compost	1.65	3.21
Total	5.24	5.57
21 : Changes in Inventories		
Opening stock		
Finished goods	30.11	3.52
Work in progress	65.47	13.45
	95.58	16.97
Less : Closing stock		
Finished goods	(23.90)	(30.11)
Work in progress	(72.76)	(65.47)
Total	(1.08)	(78.61)



Notes to the Standalone Financial Statements

₹ Crores

Particulars	Year ended March 31	
	2021	2020
22: Operating and Maintenance Expenses		
Consumption of Stores, Spares & Packing materials	24.85	24.36
Power, Water & Fuel	202.12	195.76
Repairs and maintenance		-
Plant and machinery	30.66	22.47
Buildings	0.28	0.53
Computers & other assets	0.72	1.20
Transportation and warehousing		-
Transportation and warehousing	72.44	50.34
Secondary freight	0.20	0.67
Warehouse rent	0.11	0.16
Insurance	8.63	8.37
Finished product handling	23.23	17.74
Total	363.24	321.60
23: Employee Benefit Expenses		
Salaries, wages and bonus	74.25	74.98
Contribution to provident and other funds	16.75	15.18
Welfare expenses	9.97	6.64
Total	100.97	96.80
24: Finance Costs		
<i>Interest on term loans:</i>		
From GOI	54.58	54.58
From Bank	21.73	17.41
<i>Other borrowings:</i>		
Interest expenses on		
Dealer deposits	8.96	8.36
Trade Advances	-	0.06
Deferred Credit	5.10	9.40
Unwinding Financial Cost	0.32	0.45
Others	7.79	2.18
Total	98.48	92.44
25: Depreciation and Amortisation Expenses		
Depreciation - PPE & Investment Property	30.70	31.13
Depreciation - Right to Use (Lease)	0.44	0.44
Total	31.14	31.57



Notes to the Standalone Financial Statements

₹ Crores

Particulars	Year ended March 31	
	2021	2020
26: Other Expenses		
Payment to statutory auditors		
Statutory audit	0.04	0.04
Tax audit	0.01	0.01
Certification	0.10	0.07
Others		
Rent	0.40	1.29
Rates and taxes	0.37	0.85
Directors' expenses	0.00	0.04
Agro services/ information expenses	0.03	0.06
Advertising and publicity	0.20	1.40
Stock Loss-Naphtha	1.26	-
Bank charges	9.20	11.92
Security charges	3.36	2.87
Contract labour	2.07	1.60
Car rentals	1.26	1.03
Travel expenses	0.12	0.97
Postage and telecom expenses	0.27	0.41
Gain/Loss on derecognition of Property, Plant and Equipment	0.49	0.00
CSR - Expenses	0.16	0.08
Miscellaneous expenses	3.56	5.41
Total	22.90	28.05
27 : Other Comprehensive Income		
<i>Items that will not be Re-classified to Profit and Loss</i>		
Fair Value Change of Non-Current Investments	22.95	(18.10)
Remeasurement of Defined Benefit plan	8.59	(5.34)
Less : Change in Asset Ceiling under para64(b) of IND AS 19	-	-
Less : Tax (expenses)/benefit on the above	-	-
Total	31.54	(23.44)



Notes to the Standalone Financial Statements

Note No:28. Information of goods Manufactured and Traded, value of Production, Stocks, Consumption, Value of Imports expenditure and Expenditure in Foreign Exchange: ₹ Crores

(a) Installed capacities:	March 31, 2021		March 31, 2020	
	Quantity MT		Quantity MT	
Ammonia	3,46,500		3,46,500	
Urea	4,86,750		4,86,750	
NPK	2,80,000		8,40,000	
Bio fertilizers	400		400	

(b) Production	March 31, 2021		March 31, 2020	
	Quantity MT		Quantity MT	
Ammonia	2,83,664		2,11,498	
Neem-Urea	4,80,865		3,45,150	
NPK 17-17-17	53,565		65,000	
Bio fertilizers	156.40		47	

(c) Purchase of Stock in Trade :	March 31, 2021		March 31, 2020	
	Quantity MT	Amount	Quantity MT	Amount
Agro chemicals		1.98		1.46
Organic manure	5,046	1.61	2,808	0.90
City compost	6,403	1.66	12,041	3.21
		5.24		5.57

(d) Gross sales	March 31, 2021		March 31, 2020	
	Quantity MT	Amount	Quantity MT	Amount
Manufactured product				
Neem Urea	4,79,402	253.27	3,23,764	175.73
NPK 17-17-17	51,868	121.16	65,517	153.13
Carbon-di-oxide *	-	-		
Bio Fertilizers	157	0.49	46	0.14
Bought Fertilizers				
Agro chemicals		3.06		2.22
Organic manure	5,046	2.30	2,808	1.28
City compost	6,403	1.43	12,041	2.74
		381.70		335.25

* By Product



Notes to the Standalone Financial Statements

₹ Crores

(e) Stocks	March 31, 2021		March 31, 2020	
	Quantity MT	Amount	Quantity MT	Amount
(i) Opening stock				
(a) Finished product				
Neem Urea	11,247	28.34	446	0.24
NPK 17-17-17	719	1.78	1,314	3.28
NPK 20-20-0-13	-	-	-	-
Bio Fertilizers	1	0.00		
(b) Work in progress				
Manufactured products				
Ammonia	8,431	35.70	2,848	11.94
Urea-bulk	10,504	29.77	487	1.51
	30,902	95.58	5,095	16.97
(ii) Closing stock				
(a) Finished product				
Manufactured products				
Neem Urea	6,519	17.33	11,247	28.34
NPK 17-17-17	2,349	6.56	719	1.78
Bio Fertilizers	-	-	1	0.00
(b) Work in progress				
Manufactured products				
Ammonia	8,371	32.59	8,431	35.70
Urea-bulk	15,890	40.17	10,504	29.77
	33,129	96.66	30,902	95.58
(c) Stock losses				
Neem Urea	806	-	568	-
NPK 17-17-17	67	-	78	-

Particulars	March 31, 2021		March 31, 2020	
	%	Amount	%	Amount
Indigenous				
RLNG/ Naphtha		789.82		781.03
Others		3.23		3.26
Total (%)	84	793.05	84	784.29
Imported				
Urea		33.17		34.89
Potash		37.69		47.46
Phosphoric Acid		52.39		65.68
Total (%)	16	123.25	16	148.03
	100	916.30	100	932.32



Notes to the Standalone Financial Statements

₹ Crores

Components and Spares				
Imported (%)	25	9.34	12	3.84
Indigenous (%)	75	27.96	88	27.98
	100	37.30	100	31.82
CIF value of imports				
Raw materials		148.12		31.18
Components and spares		4.77		4.05
		152.89		35.23
Expenditure in foreign currency				
Books and periodicals		-		0.12
Travel (Business, Seminar, Conference, etc.)		-		-
		0.00		0.12

Note No: 29. Restated Standalone Financial Statements for the year ended March 31,2020 and as at April 1,2019

Restated Balance Sheet as at March 31,2020

₹ Crores

Particulars	Foot Note No	Reported Amount	Restatement Adjustments	Restated Amount
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	1.c & d	198.72	16.27	214.99
Right of use assets	2	-	1.27	1.27
Capital Work-in-progress		3.13	(0.00)	3.13
Investment Property		1.22	(0.00)	1.22
Financial Assets				
i) Investments	1.a	282.50	(102.70)	179.80
ii) Loans	4	-	5.89	5.89
iii) Other Financial Assets		0.28	(0.00)	0.28
Other Non-Current Assets		16.47	0.00	16.47
Total Non-Current Assets		502.32	(79.27)	423.05
CURRENT ASSETS				
Inventories	1.b & c	250.76	(11.31)	239.45
Financial Assets				
i) Trade Receivables	4	50.87	470.87	521.74
ii) Cash and Cash Equivalents	4	133.31	(33.23)	100.08
iii) Bank Balances other than (ii) above	4	-	33.23	33.23
iv) Loans	4	7.07	(5.88)	1.19
v) Other Financial Assets	4	556.04	(552.04)	4.00
Other Current Assets	4	27.42	68.55	95.97
Total Current Assets		1,025.47	(29.81)	995.66
Assets held for Sale	4	-	0.01	0.01
TOTAL ASSETS		1,527.79	(109.07)	1,418.72



Notes to the Standalone Financial Statements

₹ Crores

EQUITY AND LIABILITIES				
Equity Share Capital		162.14	(0.00)	162.14
Other Equity	1 & 2	(793.03)	(98.75)	(891.78)
Total Equity		(630.89)	(98.75)	(729.64)
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
i) Borrowings		51.28	-	51.28
ii) Lease Liabilities	2	-	1.96	1.96
Employee Benefit Obligation	4	42.44	0.00	42.44
Other non-current liabilities	2	1.78	(0.89)	0.89
Total Non-current Liabilities		95.50	1.07	96.57
Current Liabilities				
Financial Liabilities				
i) Borrowings	4	1,749.49	0.00	1,749.49
ii) Trade Payables	4	115.88	0.61	116.49
iii) Lease Liabilities	2	-	1.25	1.25
iv) Other Financial Liabilities	4	139.80	(11.84)	127.96
Employee Benefit Obligation		10.07	0.00	10.07
Other Current Liabilities	4	47.94	(1.41)	46.53
Total Current Liabilities		2,063.18	(11.38)	2,051.79
TOTAL EQUITY AND LIABILITIES		1,527.79	(109.07)	1,418.72

Balance Sheet as at April 1, 2019

Particulars	Foot Note No	Reported Amount	Restatement Adjustments	Restated Amount
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	1.c & d	146.40	7.52	153.92
Right of use assets	2	-	1.71	1.71
Capital Work-in-progress		30.59	(0.00)	30.59
Investment Property		1.22	(0.00)	1.22
Financial Assets				
i) Investments	1.a	197.91	(0.00)	197.91
ii) Loans	4	0.01	-	0.01
iii) Other Financial Assets		0.24	0.00	0.24
Other Non-Current Assets		17.03	(0.00)	17.03
Total Non-Current Assets		393.40	9.23	402.63



Notes to the Standalone Financial Statements

Note No: 29. (Continued)

₹ Crores

CURRENT ASSETS				
Inventories	1.b & c	280.86	(13.23)	267.63
Financial Assets				
i) Trade Receivables	4	27.21	708.86	736.07
ii) Cash and Cash Equivalents	4	36.82	(36.75)	0.07
iii) Bank Balances other than (ii) above	4	-	36.75	36.75
iv) Loans	4	0.91	0.00	0.91
v) Other Financial Assets	4	815.31	(804.18)	11.13
Other Current Assets	4	13.78	95.35	109.13
Total Current Assets		1,174.89	(13.20)	1,161.69
Assets held for Sale	4	-	0.03	0.03
TOTAL ASSETS		1,568.29	(3.94)	1,564.35
EQUITY AND LIABILITIES				
Equity Share Capital		162.14	(0.00)	162.14
Other Equity	1 & 2	(737.41)	(5.67)	(743.08)
Total Equity		(575.27)	(5.67)	(580.94)
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
i) Borrowings		78.62	-	78.62
ii) Lease Liabilities	2	-	3.00	3.00
Employee Benefit Obligation	4	38.61	0.00	38.61
Other non-current liabilities	2	2.55	(1.54)	1.01
Total Non-current Liabilities		119.78	1.46	121.24
Current Liabilities				
Financial Liabilities				
i) Borrowings	4	1,572.97	(0.01)	1,572.96
ii) Trade Payables	4	276.97	3.67	280.64
iii) Lease Liabilities	2	-	0.79	0.79
iv) Other Financial Liabilities	4	125.56	(3.63)	121.93
Employee Benefit Obligation		8.76	-	8.76
Other Current Liabilities	4	39.52	(0.55)	38.97
Total Current Liabilities		2,023.78	0.27	2,024.05
TOTAL EQUITY AND LIABILITIES		1,568.29	(3.94)	1,564.35



Notes to the Standalone Financial Statements

Note No: 29. (Continued)

₹ Crores

Statement of Profit and Loss for the year ended March 31,2020

Particulars	Foot Note No	Reported Amount	Restatement Adjustments	Restated Amount
REVENUE				
Revenue from Operations	4	1,274.39	17.60	1,291.99
Other Income	1.b	13.00	(0.51)	12.49
Total Income		1,287.39	17.09	1,304.48
EXPENDITURE				
Cost of Materials Consumed	4	1,152.43	(220.11)	932.32
Purchases of Stock-in-Trade		5.57	0.00	5.57
Changes in Inventories		(78.60)	(0.01)	(78.61)
Operating and Maintenance Expenses	4	-	321.60	321.60
Employee Benefits Expense	1.e	95.97	0.84	96.80
Finance Costs	2 & 4	90.29	2.15	92.44
Depreciation and Amortization Expense	1.c,d & 2	26.38	5.19	31.57
Other Expenses	4	130.23	(102.18)	28.05
Total Expenses		1,422.27	7.48	1,429.74
Profit/(Loss) before Exceptional items and Tax		(134.88)	9.61	(125.26)
Exceptional Items		-	-	-
Profit/(Loss) after Exceptional items and Tax		(134.88)	9.61	(125.26)
Profit/(Loss) before Tax		(134.88)	9.61	(125.26)
Current Tax		-	-	-
Deferred Tax		-	-	-
Tax Expenses /(Income)		-	-	-
Profit/(Loss) for the Year (A)		(134.88)	9.61	(125.26)
Other Comprehensive Income (Net of Tax) ('OCI')				
Items that will not be reclassified to Profit or Loss:				
Fair valuation of IPL Investment	1.a	84.59	(102.69)	(18.10)
Re-measurements of defined benefit obligation	4	(5.33)	(0.01)	(5.34)
Less: Tax (expenses)/benefit on the above		-	-	-
Total Other Comprehensive Income (B)		79.26	(102.70)	(23.44)



Notes to the Standalone Financial Statements

Note No: 29. (Continued....)

₹ Crores

Total Comprehensive Income (A+B)		(55.62)	(93.09)	(148.70)
Earnings per Equity Share(EPS):				
Equity Shares of par value 10/- each				
Basic and Diluted		(8.37)	0.60	(7.78)
Number of Shares used in computing earning per share		16,11,01,300	16,11,01,300	16,11,01,300

Statement of Cash Flow for the year ended March 31,2020

₹ Crores

Particulars	Foot Note No	Reported Amount	Restatement Adjustments	Restated Amount
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before Tax from Continuing Operations	1&2	(134.88)	9.62	(125.26)
Add/(Less) Adjustment for :				
Depreciation and Amortization Expenses	1.c,d & 2	26.38	5.19	31.57
FINANCE COSTS	2&4	90.29	2.15	92.44
Interest Income		(3.68)	-	(3.68)
Dividend Income		(0.24)	-	(0.24)
Income from Investment Properties	4	-	(1.02)	(1.02)
(Profit)/Loss on sale of Property, Plant and Equipment	4	(0.13)	0.01	(0.12)
Operating Cash Flow before Working Capital Changes		(22.26)	15.95	(6.31)
Adjustment for :				
(Increase)/Decrease in Inventories	1.b & c	30.10	(1.92)	28.18
(Increase)/Decrease in Trade Receivables	4	(23.66)	237.99	214.33
(Increase)/Decrease in Loans & Advances	4	(6.16)	0.00	(6.16)
(Increase)/Decrease in Other Assets	4	246.19	(221.85)	24.34
Increase/(decrease) in Provisions	4	(0.19)	(0.01)	(0.20)
Increase/(decrease) in Trade Payables	4	(161.09)	(3.06)	(164.15)
Increase/(decrease) in Other Liabilities	4	21.89	(8.42)	13.47
Cash Generated from Operations		84.82	18.69	103.51
Direct Tax paid (Net of refunds)		-	-	-
Net Cash from Operating Activities		84.82	18.69	103.51



Notes to the Standalone Financial Statements

Note No: 29. (Continued)

₹ Crores

B.CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment	1.c,d & 2	(51.24)	(40.96)	(92.20)
(Increase)/Decrease in Capital Work in Progress	4	0.00	27.46	27.46
Interest Received (Gross)		3.68	-	3.68
Income from Investment Properties	4	-	1.02	1.02
Dividend Income		0.24	-	0.24
Proceeds from sale of Property, Plant and Equipment	4	0.13	(0.00)	0.13
Net Cash from Investing Activities		(47.19)	(12.48)	(59.67)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Net proceeds from Financial Assets	4	(0.03)	0.03	-
"Net proceeds from Working capital and Short-term borrowings"	4	94.60	0.01	94.61
Repayment of Lease Liability	2	-	(1.03)	(1.03)
Interest Paid	2&4	(35.71)	(1.70)	(37.41)
Net Cash from Financing Activities		58.86	(2.69)	56.17
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		96.49	3.52	100.01
Cash and Cash Equivalents at the beginning of the year	4	36.82	(36.75)	0.07
Cash and Cash Equivalents at the end of the year		133.31	(33.23)	100.08



Notes to the Standalone Financial Statements

Note No: 29. (Continued)

Reconciliation of Total Equity as at March 31, 2020 and April 1, 2019

₹ Crores

Particulars	Foot Note No	Reported Amount	Restatement Adjustments	Restated Amount
Equity as per Reported Financial Statements				
Equity Share Capital			162.14	162.14
Other Equity			(793.03)	(737.41)
			(630.89)	(575.27)
Prior Period Errors				
-Depreciation of Capital Spares & POS Machines			(15.35)	(10.60)
-Rectification of Stores Ledger			17.51	2.12
-Capitalisation of POS Machines			2.81	2.81
-Provision for PF Shortfall			(0.83)	-
-Change in Fair Valuation Technique for Equity Instruments			(102.70)	-
Effect due to adoption of Ind AS-116			(0.19)	-
Equity as per Restated Financial Statements			(729.64)	(580.94)

Reconciliation of Total Comprehensive Income for the year ended March 31, 2020

Particulars	For the year ended March 31, 2020
Total Comprehensive Income as per Reported Financial Statements	(55.62)
Other Income	15.39
Depreciation of Capital Spares & POS Machines	(4.75)
Impact due to adoption of Ind AS-116	(0.19)
Provision for PF Shortfall	(0.83)
Change in Fair Valuation Technique for Equity Instruments	(102.70)
Total Comprehensive Income as per Restated Financial Statements	(148.70)



Notes to the Standalone Financial Statements

Note No: 29. (Continued)

Foot Notes:

1. During the year, the company has restated its standalone financial statements for the year ended March 31, 2020 & April 1, 2019 in order to give effect to significant prior period errors in accordance with Ind AS-8.

The following are significant prior period errors which came into light in the current year:

a. Change in Fair Value Measurement for Equity Instruments:

Since transition to Ind AS, the company adopted cost or comparable price whichever is higher in fair valuing its investments in equity shares of M/s Indian Potash Limited ('IPL'). The IPL is an unlisted company and falls under the category of Level-3 as defined in the Ind AS-113. Accordingly, valuation should be either cost model approach or income approach model approach.

In view of the qualification in the Independent Auditors vide their Report dated October 9, 2020, for the year ended March 31, 2020, the practice of the peers in Industry and due to non-availability of observable market inputs, the company has changed the fair value measurement for the Equity Instruments of Indian Potash Limited from Comparable Company Multiple Method to the Net Book Value method. As the change is in the basis of measurement, the consequential impact on the valuation of IPL shares is effected retroactively.

Being a material error, for which information was available at the time of approval of standalone financial statements for the year ended March 31, 2020, is corrected retrospectively with effect from financial year 2019-20.

The company has adopted the Net Book Value per share from the latest available audited consolidated financial statements of the Indian Potash Limited as fair value.

b. Reconciliation and Rectification of Stores ledger and Financial Ledger:

The Stores and Spares lying in the inventories consists of negative figures amounting to ₹ 13.07 Cr due to recognition of issue of items which are not physically available in previous year.

In addition to the above, there has been an overvaluation to the tune of ₹ 2.00 Cr in the year 2019-20.

Further, there is a variation of ₹ 7.18 Cr between the balance as per the Stores Ledger and the Financial Ledger as on the 31st March, 2021.

The company has rectified the above errors by making adjustments to tune of ₹ 2.12 Cr to the opening retained earnings and the ₹15.39 Cr and ₹ 0.74 Cr is being written back in the statement of the profit and loss account for year ended March 31, 2020 & 2021 respectively.



Notes to the Standalone Financial Statements

Note No: 29. (Continued)

c. Identification and Capitalization of Capital Spares:

The company has made a technical assessment for the stores & spares and identified of Capital Spares worth of ₹ 28.82 Cr, which are to be treated as PPE in accordance with the Ind AS-16, which are lying in the Stores at the beginning of the year.

Accordingly, the said capital spares has been capitalized by the company. The year wise capitalization and the depreciation thereon are as under: (₹ Cr)

Financial Year	Amount Capitalised	Depreciation
Prior to April 1, 2019	15.32	9.14
FY 2019-20	13.50	3.81
Total	28.82	12.95

d. Capitalisation of POS Machines:

The company purchased PoS Devices during 2017-18 and 2018-19 amounting to ₹ 2.81 Cr are debited in "Retailer Margin" account. As the ownership rest with the company, this has been capitalized under 'Office Equipment' during the current year and depreciated over its useful life of 3 years retrospectively.

Depreciation calculated from the date of purchase to March 31, 2021 is ₹ 2.81 Cr out of which ₹ 2.40 Cr relate to the previous years and apportioned by restating the financials.

e. Provision for Shortfall for Provident Fund:

The company has an obligation to make good the short fall, if any, between the return from the investment of the trust and the notified interest rate.

Accordingly, there was a shortfall in the Trust for the year ended March 31, 2020 to the extent of ₹ 0.83 Cr which has been made good by the company.

2. First time adoption of Ind AS-116 'Leases' from April 1, 2019 onwards:

The Company has adopted Ind AS 116 Leases effective April 1, 2020, using the modified retrospective method with a transition date of April 1, 2019. Accordingly, the company has restated its standalone financial statements. The effect of Implementation of Ind AS-116 is insignificant on the profit/(loss) and earnings per share.

Ind AS 116 is applied retrospectively as per paragraph C5 (b) and the right of use asset is measured by applying paragraph C8 (b)(ii), the rent equalization reserve has been regarded as 'accrued lease payments and the amount of right of use asset is determined by deducting the said liability from the amount of 'lease liability' determined in accordance with paragraph C8(a).



Notes to the Standalone Financial Statements

Note No: 29. (Continued)

Measurement of Lease Liabilities**(₹ Cr)**

Particulars	Amount
Operating lease commitments disclosed as at 31 March 2019*	4.75
Discounted using the company's incremental borrowing rate of 13.90%	3.79
(Less): Short-term leases recognized on a straight - line basis as expense	-
(Less): Low-value leases recognized on a straight - line basis as expense	-
(Less): Contracts reassessed as service agreements	-
Add/(less): Adjustments as a result of a different treatment of extension and termination options	-
Add/(less): Others	-
Lease liability recognized as at 1 April 2019	3.79

*Note: - On transition date Lease commitment estimated for ₹ 4.75 Cr as against disclosed in the annual accounts for 2018-19 of ₹ 3.28 Cr.

The adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 1.71 Cr, and a lease liability of ₹ 3.79 Cr without any impact on the opening retained earnings of the company as on April 1, 2019.

Further, there is an additional impact on the financials for the year ended March 31, 2020, which is as follows:

(₹ Cr)

Particulars	Amount
Expenses on account of Depreciation	0.44
Unwinding Finance cost on Lease liability	0.45
Accrual lease rent payment	(1.09)
Total	(0.19)

Ind AS 116 has resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
- Applied the exemption not to recognize ROU assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- Excluded the initial direct costs from the measurement of the ROU asset at the date of initial application.
- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.



Notes to the Standalone Financial Statements

Note No: 29. (Continued)

The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 disclosed under Note 35 of the standalone financial statements and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is @ 13.90%.

3. As required by Ind AS 1 – Presentation of Financial Statements, the company has presented Balance Sheet as at April 1, 2019 for retrospective application of changes in accounting policies and restatement due to significant prior period error. The company has given a detailed note for changes in accounting policies and significant prior period errors and has disclosed the impact on the standalone financial statements in the above notes and accordingly, accompanying notes to Balance Sheet as at April 1, 2019 has not been disclosed in the standalone Ind AS financial statements.
4. The figures have been regrouped/reclassified to correspond with the current year's classification and disclosure.

**Note No.30: Other Notes forming part of Standalone financial statements****1. Capital Commitment and Contingent/Disputed Liability**

(₹ Cr)

S. No	Particulars	As on March 31	
		2021	2020
A.	Estimated amount of the Contracts to be executed on Capital Account and not provided for (Net of Advances)	44.38	41.20
B.	Contingent Liabilities not provided for:		
1.	In respect of - Letters of Credit and Bank Guarantees etc., outstanding	143.83	113.80
2.	Claims against the Company not acknowledged as debt*	21.84	19.70
C.	Penal Interest on GOI Loans that demand may arise#	241.35	209.60

*Claims against the company not acknowledged as debt includes following:

- ₹ 4.56 Cr for non-supply of trucks the Company withheld payments against that SKLS went to arbitration and got an award in his favour. Against this award the Company filed an appeal in the Hon'ble High Court of Madras.
- MFL suspended the supply of CO₂ as SIGGIL defaulted in its payments and not complied with the installation of 'flow meter' at the Battery limit as per the terms agreed, against which SIGGIL invoked arbitration proceeding and got an award in its favour for a sum of ₹ 4.02 Cr towards compensation. MFL preferred appeal against the Arbitration Award.
- In 2007 Pay Revision, GOI has increased the gratuity ceiling from ₹ 3.50 lakhs to ₹ 10.00 lakhs effective from 01.01.2007 whereas the Payment of gratuity Act has amended only from 24.05.2010. In view of above, employees separated during the period 01.01.2007 to 30.04.2010 were paid gratuity reckoning the ceiling as ₹ 3.50 lakhs. Some of the Employees separated during the above period filed appeal before the High Court of Madras for the differential Gratuity amounting to ₹ 2.85 Cr and the matter is subjudice.
- Income tax department has raised a demand of ₹ 6.54 Cr on April 22, 2021 for the A.Y 2018-19 for which the Company has filed an appeal before CIT(Appeals) Chennai. However, the Department has adjusted the refund of A.Y 2019-20 towards the said demand amounting to ₹ 0.48 Cr (including interest thereon).

The Company has requested GOI for waiver of Interest accrued and penal interest on GOI loans as a part of revival package. However, as per the office memorandum on 'Loans and Advances by the Central Govt.- interest rate and the other terms and conditions', in case of waiver of penal interest, the Company is under obligation to pay minimum penal interest of 0.25% p.a amounting to ₹ 21.94 Cr which will arise in the year of waiver and the same has been included.

2. Default in repayment of Loans:

The Company defaulted in repayment of loan principal and interest on GOI loans as detailed below : (₹ Cr)

Particulars	Principal	Interest	Total
Revamp loans	122.30	154.10	276.40
Plan loans	385.93	536.87	922.80
Non plan loans	20.77	36.40	57.17
Total	529.00	727.37	1256.37



3. Inventories:

As per Ind AS 2 materials and other supplies used in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when there has been a decline in the prices of materials and it is estimated that the cost of finished products will exceed net realizable value, the materials are written down to net realizable value.

The carrying amount of stores and spares are to be treated as NRV. During the year no inventories has been written down to NRV.

4. 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 stores & spares amounting to ₹ 0.49 Cr were written off as approved in the 315th Board Meeting held on 03rd February 2021.
5. The catalyst in use as reflecting under inventories has been issued during the FY 2019-20 by estimating the life of usage as 4 years and the same were charged off to profit and loss account respectively. During the year, the management has re-assessed the life of usage of catalyst, which is in use as 3 yrs Accordingly, the company has charged off the balance carrying amount catalyst in use for remaining period.
6. NPK A&B Trains are removed from PPE, which are not in operation since 2005. The Board of Directors in their 314th Board Meeting held on 9th Nov 2020, revised the installed capacity of NPK Plant from 8.40 lac MTPA to 2.80 lac MTPA until these trains are revived for usability. The carrying cost (NAV) of these Assets as of 01.04.2020 is reclassified under "capital work in progress (CWIP)".

7. 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 31.03.2021. Net selling price of the major Plant and equipment has been assessed against the book value on that date is detailed below:

(₹ Cr)

Plant	As on March 31,2021		As on March 31,2020	
	Net selling price	Book Value	Net selling price	Book Value
Ammonia	381.50	129.41	399.20	136.24
Urea	81.57	23.35	75.88	24.82
NPK	12.12	1.05	15.30	3.68
Utilities	32.47	8.84	30.28	9.50

8. Exchange rate fluctuation included in other income is ₹ 2.00 Cr (Previous year ₹ 0.01 Cr)

9. Income taxes:

No provision towards income tax liability has been made during the year even though the operations resulted in profit, due to Carried forward business losses and unabsorbed depreciation. Being a Sick Company, the Company is not liable for MAT.

10. Entry tax of ₹ 2.52 Cr provided for payment during the years 2013-14 to 2017-18, has not been remitted, since the appeal filed by ITC Ltd. against the 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.



11. The Input Tax Credit balances of GST available in the e-credit ledger and books of accounts shows a variation of ₹ 56.83 Cr as on 31.03.2021. The Company is in the process of reconciling the same cannot be quantified and could not be accounted during the current year.
12. Payment of ITC-VAT others of ₹ 2.51 Cr, provided in the books for the period 2009-10 to 2017-18, towards ITC availed on sale of by-product Carbon-di-oxide, will be affected 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.
13. Tax u/s 3(4) of the TNGST Act, 1959 of ₹ 7.78 Cr for the period 2002-03 to 2005-06, provided for, represents the differential tax 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.

14. Related Party Disclosures:

a. Name of the Related Parties and their relationship:

Name of the Related Party	Nature of Relationship
Shri U Saravanan	Chairman and Managing Director
Shri Lalsanglur	Director
Shri Mohammad Bagher Dakhili	Director
M Samieh Kokabi	Director
Shri Babak Bagherpour	Director
Shri Harsh Malhotra	Director
Shri Priya Ranjan Panda	General Manager Finance (a/c)
Dr. Girish Kumar	Company Secretary
MFL Employees Contributory Provident Fund Trust	Employee benefit trusts managed by MFL

b. Transaction with Key Management Personnel : (₹ Cr)

Particulars	For the year ended 31 March,2021	For the year ended 31 March,2020
Short-term employee benefits	1.16	0.81
Post-employment benefits	0.24	0.18
Compensated absences	-	-
Other long-term benefits	-	-
Total Compensation	1.40	0.99

c. Related party transactions other than those with key management personnel : (₹ Cr)

Particulars	For the year ended 31 March,2021	For the year ended 31 March,2020
Transaction During the Year		
Contributions		
MFL Employees Contributory PF Trust	5.79	5.83


d. Entities under the control of same government:

Government of India (GOI) as on 31st march 2021 is holding 59.50% equity shares of the company, which is held by President of India through Ministry of Chemicals & Fertilizers GOI controls the company through Ministry of Chemicals & Fertilizers.

The company has made various transactions with entities being controlled or jointly controlled or having significant influence of the Ministry of Petroleum & Natural Gas.

The transactions and balances with them are as under: (₹ Cr)

Particulars	For the year ended 31 March,2021	For the year ended 31 March,2020
Transaction During the Year		
Purchase and payment for goods and services		
Indian Oil Corporation Limited	963.77	907.36
Income from Leasing of Property		
Chennai Petroleum Corporation Limited	1.64	1.56
Outstanding Balances as at the year end		
Chennai Petroleum Corporation Limited- Receivable	0.21	1.21
Indian Oil Corporation Limited-Payable	205.04	68.51

15. Leases:
a. Operating Leases:
i. As a Lessee:

Movement of Lease Liabilities : (₹ Cr)

Particulars	2020-21	2019-20
Opening Lease Liabilities	3.21	3.79
Additions	-	-
Finance cost accrued during the period	0.33	0.45
Payments of Lease Liabilities	(1.33)	(1.03)
Closing Lease Liabilities	2.20	3.21

The details of the contractual maturities of lease liabilities as at March 31, 2021 & 2020 on an undiscounted basis are as follows :

Particulars	March 31,2021	March 31,2020
Less than One Years	1.50	1.37
One to five years	0.65	2.15
More than five years	-	-
Total	2.15	3.52

Rental expenses recorded for short- term leases were ₹ 0.16 Cr for the year ended March 31, 2021 (PY ₹ 0.17 Cr).



ii. **As a Lessor:**

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

Particulars	March 31,2021	March 31,2020
Less than one year	1.19	1.08
Between one and five years	5.69	5.16
More than five years	4.02	5.58

Details of Property taken on Lease/ Leased out:

Description of Property	Leased to	Period of Lease	Basis of Lease
Triangle Plot - Manali	Chennai Petroleum Corporation Limited	20 years from 01.08.2008	8% of Guideline Value & escalated @ 8% every year
Bio Fertilizer Vijayawada	Hayagreeva Bio Organics Pvt Ltd	5 years	Approx. 5% escalated every year
Description of Property	Leased from	Period of Lease	Basis of Lease
Land for TTP & RO Plant	CMWSSB	33 years from 18.05.1989	14% of Guideline Value & escalated @ 12% every year
Open Space	Chennai Port Trust	5 years	Approx. 5% escalated every year

16. Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB) has allotted 43.13 acres of land for a lease period of 33 years at Kodungaiyur for TTP Plant in the year 1989. However, the MOU is yet to be signed. Further, the Board of Directors of the company in its 315th meeting dated 3rd February 2021 approved for further extension of lease which is going to expire in 2022 for another 33 years.
17. Other Income includes a sum of ₹ 0.58 Cr (Previous Year ₹ 0.58 Cr) being the rent from CPCL for the area let out for their LPG pipeline, for which the renewal of agreement is under negotiation.

18. Disclosure on Investment Property:

- a. The Management classifies the Asset which are held for rental incomes or surplus assets for capital appreciation under investment property.
- b. (₹ Cr)

Particulars	March 31, 2021	March 31, 2020
Rental Income	0.04	0.04
Direct proportionate operating expenses relating to rental income	0	0
Depreciation	0.01	0.01

**c. Fair Valuation:**

Investment Property at Bio Fertilizers Plant in Vijayawada is valued on the basis of market value of the Property by an independent Chartered Engineer and Investment property at Manali is valued based on Government Guideline value. Fair values for the investment properties are as follows : (₹ Cr)

Particulars	March 31,2021	March 31,2020
Vijayawada Bio Building	0.15	0.10
Vijayawada Bio Land	4.78	4.88
Land Rented to CPCL	-	21.17
Surplus Land at Manali	276.34	-
Vacant Land in Manali New Town	12.98	12.98
Vacant Land in Gujarat	0.05	0.05
Vacant Land in Guindy	43.77	43.77

19. The Company has 70 acres of surplus land at Manali, which has been approved by the shareholders through special resolution during the FY 2019-20. Initially, CPCL has shown its interest to purchase the entire 70 acres of land. Later on, CPCL has conveyed its willingness to purchase 4.98 acres of land only. Accordingly, the company has classified the 4.98 acres of Manali land under "Assets held for Sale" amounting to ₹ 18,484/-, whose fair value as on the March 31,2021 is ₹ 21.17 Cr.

For the remaining 65.02 acres of surplus land, the company has made communication to all the PSUs and Government of Tamilnadu, the availability of land for sale. The company decided to classify the 65.02 acres of land under "Investment Property" due to lack of marketability of the land.

Further, during the 310th Board Meeting, the Board of Directors approved for sale of Guindy property having an area of 19 grounds & 1064 sq.ft, subject to approval of Dept.of Fertilizers, Govt. of India and Shareholde Pending approval from the shareholders, the same is retained under "Investment Property".

20. The unused Naphtha lying in inventory not required for operation, since the Company has converted its feedstock to RLNG during the FY 2019-20 has been reclassified as Asset held for sale. As on the reporting date, the stock of naphtha held since 2019 got reduced from 4104 MT valued at ₹ 17.04 Cr to 3799 MT as confirmed by the Surveyor report and DPR report. The consequential reduction in value of ₹ 1.26 Cr is charged off to the statement of profit and loss account. A committee has been formed to look into the marketability of the same.

21. Employee Benefit Expenses:**Defined Benefit Plans:**

The Company has floated the following defined benefit plans i) Gratuity, ii) Post-retirement medical benefits, iii) Compensated absences, iv) Service awards and v) contribution to provident fund trust.

Funding:

Gratuity is the only defined benefit plan that is funded by the Company. The funding requirements are based on the fund's actuarial measurement framework set out in the funding policies of the plan. The funding of the plan is based on a separate actuarial valuation for funding purpose.

The Company has determined that in accordance with the terms and conditions of the defined benefit plan, and in accordance with statutory requirements, the present value of refunds or reductions in future contributions is not lower than the balance of the total fair value of the plan asset less the total present value of obligations.



Movement in net defined benefit (Asset) / Liabilities

Gratuity

The cost of providing such defined benefit is determined using the projected unit credit method of actuarial valuation made at the end of the year and is administered through a fund maintained by Life Insurance Corporation of India. This defined benefit plan exposes the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Every employee who has rendered continuous service of five years or more is entitled to gratuity at 15 days salary (15/26 * last drawn basic salary plus dearness allowance) for each completed year of service subject to a ceiling of ₹ 0.20 Cr on superannuation, resignation, termination, disablement or on death. The Company has carried out actuarial valuation of gratuity benefit considering the enhanced ceiling.

Other Benefits

Obligations on post - retirement medical benefits, compensated absences and service awards are provided using the projected unit credit method of actuarial valuation made at the end of the year. These are unfunded plans.

(₹ Cr)

Particulars	Defined benefit Obligations		Fair value of plan asset		Net defined benefit (asset) liability	
	2021	2020	2021	2020	2021	2020
Gratuity						
Balance as at April 1	50.75	49.19	17.44	16.77	33.31	32.42
Included in profit and loss						
Current service cost	1.83	1.87	-	-	1.83	1.87
Interest cost	3.47	3.16	-	-	3.47	3.16
Interest income	-	-	1.07	1.11	(1.07)	(1.11)
Benefits paid	(5.00)	(4.62)	(5.00)	(4.62)	-	-
Contributions made	-	-	0.04	4.04	(0.04)	(4.04)
Included in OCI						
Net actuarial (gain)/loss and interest	(1.96)	1.15	3.51	0.14	(5.47)	1.01
Balance at March 31	49.09	50.75	17.06	17.44	32.03	33.31
Earned leave encashment						
Balance as at April 1	16.55	13.13	-	-	16.55	13.13
Included in profit and loss						
Current service cost	2.07	0.96	-	-	2.07	0.96
Interest cost	1.12	0.77	-	-	1.12	0.77
Interest income	-	-	-	-	-	-
Benefits paid	(1.89)	(1.93)	-	-	(1.89)	(1.93)
Included in OCI						
Net actuarial (gain)/loss and interest	(2.96)	3.62	-	-	(2.96)	3.62
Balance at March 31	14.89	16.55	-	-	14.89	16.55



Post-retirement medical benefits						
Balance as at April 1	2.25	1.51	-	-	2.25	1.51
Included in profit and loss						
Current service cost	0.05	0.05	-	-	0.05	0.05
Interest cost	0.16	0.10	-	-	0.16	0.10
Interest income	-	-	-	-	-	-
Benefits paid	-	-	-	-	-	-
Included in OCI						
Net actuarial (gain)/loss and interest	(0.27)	0.59	-	-	(0.27)	0.59
Balance at March 31	2.19	2.25	-	-	2.19	2.25
Service award						
Balance as at April 1	0.40	0.31	-	-	0.40	0.31
Included in profit and loss						
Current service cost	0.05	0.04	-	-	0.05	0.04
Interest cost	0.03	0.02	-	-	0.03	0.02
Interest income	-	-	-	-	-	-
Benefits paid	-	-	-	-	-	-
Included in OCI						
Net actuarial (gain)/loss and interest	0.11	0.03	-	-	0.11	0.03
Balance at March 31	0.59	0.40	-	-	0.59	0.40

Particulars	March 31, 021	March 31, 2020
Represented by:		
Net defined benefit liability		
- Gratuity	32.03	33.31
- Earned leave encashment	14.89	16.55
- Post-retirement medical benefits	2.19	2.25
- Service award	0.59	0.40

I. Plan Asset

Plan assets comprises the followings :

(₹ Cr)

Particulars	March 31,2021	March 31,2020
Equity securities	30%	30%
Government bonds	70%	70%



II. Actuarial Assumptions

The following are the principal actuarial assumptions for the gratuity plan at the reporting date: (₹ Cr)

Particulars	March 31,2021	March 31,2020
Discount rate per annum	7.19%	6.74%
Expected return per annum on plan asset	7.19%	6.74%
Salary escalation per annum	5.00%	5.00%
Mortality	IALM (2012-14) U	IALM (2012-14) U

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

Particulars	Earned leave encashment		Post -Retirement medical benefits		Service award	
	March 31,		March 31,		March 31,	
	2021	2020	2021	2020	2021	2020
Mortality table (before retirement)	IALM (2012-14) U	IALM (2012-14) U	IALM (2012-14) U	IALM (2012-14) U	IALM (2012-14) U	IALM (2012-14) U
Mortality table (after retirement)	NA	NA			NA	NA
Discount rate	7.19%	6.74%	7.19%	6.36%	7.19%	6.36%
Inflation rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

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

III. Sensitivity Analysis

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

(₹ Cr)

Particulars	March 31,2021		March 31,2020	
	Increase	Decrease	Increase	Decrease
Discount rate (+/- 100 BP)	47.19	51.15	48.68	53.01
Salary escalation per annum (+/- 100 BP)	50.36	47.79	52.19	49.27
Mortality (+/- 10%)	49.10	49.10	50.76	50.76
Attrition rate (+/- 100BP)	49.28	48.88	50.91	50.59
Earned leave encashment				
Discount rate (+/- 100 BP)	14.21	15.63	15.54	17.68
Salary escalation per annum (+/- 100 BP)	15.61	14.21	17.63	15.57
Mortality (+/- 10%)	14.90	14.90	16.55	16.55
Attrition rate (+/- 100BP)	14.92	14.87	16.53	16.58



Post -Retirement medical benefits				
Discount rate (+/- 100 BP)	2.11	2.29	2.19	2.32
Salary escalation per annum (+/- 100 BP)	-	-	-	-
Mortality (+/- 10%)	2.20	2.20	2.25	2.25
Attrition rate (+/- 100BP)	2.20	2.19	2.27	2.23
Service award				
Discount rate (+/- 100 BP)	0.57	0.61	0.38	0.41
Salary escalation per annum (+/- 100 BP)	-	-	-	-
Mortality (+/- 10%)	0.59	0.59	0.40	0.40
Attrition rate (+/- 100BP)	0.60	0.58	0.40	0.39

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

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

Expected maturity analysis of the defined benefit plans in future years

(₹ Cr)

Particulars	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
31 March 2021					
- Gratuity	6.02	7.49	17.38	18.20	49.09
- Earned leave encashment	1.87	2.47	5.39	5.16	14.89
- Post retirement medical benefits	0.24	0.31	0.76	0.88	2.19
- Service award	0.09	0.10	0.22	0.18	0.59
Total	8.22	10.37	23.75	24.42	66.76
31 March 2020					
- Gratuity	7.32	4.81	17.06	21.56	50.75
- Earned leave encashment	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

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (31 March 2020: 10 years)

Obligations on post -retirement medical benefits, compensated absences and service awards are provided using the projected unit credit method of actuarial valuation made at the end of the year.



Provident fund and superannuation fund:

The net amounts expended in respect of employer's contribution to the provident fund and superannuation fund during the year, are ₹ 5.79 Cr (Previous year ₹ 5.83 Cr) and ₹ 7.00 Cr (Previous year ₹ 6.71 Cr) respectively. An amount of ₹ 1.13 Cr towards shortfall in the EPFO declared interest rate which is to be made good by the Company (For the year 2019-20 ₹ 0.83 Cr & for 2020-21 ₹ 0.30 Cr).

22. The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its Standalone financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.
23. The Company is in the process of evaluating the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-1/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organization in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management which is supported by legal advice, the aforesaid matter is not likely to have a material impact for the year ended March 31, 2021 and accordingly, no provision has been made in these Standalone financial statements.

24. Financial Instruments- Fair Value Disclosures:

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used): (₹ in Cr)

Financial Assets/ Financial Liabilities	Fair value as at		Fair Value hierarchy	Valuation techniques & key inputs used
	March 31, 2021	March 31, 2020		
Investments in unquoted equity Instruments at FVTOCI	202.75	179.80	Level-3	Refer Note Below

Note:

Unquoted Equity shares of Indian Potash Limited

The fair value of the unquoted equity shares has been estimated at Net Book Value model based on the latest available audited consolidated financial statements of the Indian Potash Limited.

Fair value of financial assets and financial liabilities that are equivalent to it carrying amount which are subsequently measured at amortized cost:



MADRAS FERTILIZERS LIMITED

The Management assessed that trade receivables, cash and cash equivalents, trade payables, borrowings and other financial assets and liabilities fair values approximate their carrying amounts largely due to the short-term maturities of these instruments. (₹ Cr)

Description	Fair value hierarchy	As at March 31, 2021		As at March 31, 2020	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
A. Financial Assets					
Loans	NA	11.16	11.16	7.08	7.08
Trade receivables	NA	293.31	293.31	521.74	521.74
Cash and cash equivalents	NA	50.00	50.00	100.08	100.08
Bank Balances other than cash & cash equivalents	NA	29.79	29.79	33.23	33.23
Other financial assets	NA	5.30	5.30	4.28	4.28
B. Financial Liabilities					
Borrowings	NA	1,375.78	1,375.78	1,800.78	1,800.78
Trade payables	NA	291.45	291.45	116.49	116.49
Lease Liabilities	NA	2.20	2.20	3.21	3.21
Other financial liabilities	NA	140.49	140.49	127.96	127.96

- During the year, there are no financial instruments which are measured at Level 1 and Level 2 category.
- Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

Reconciliation of Level 3 fair value measurements

(₹ Cr)

Description	March 31, 2021	March 31, 2020
Opening Balance	179.80	197.91
Add - Fair value gain recognized in OCI	22.95	-
Less - Fair value loss recognized in OCI	-	18.11
Closing Balance	202.75	179.80

25. Capital Management:

For the purpose of the Company's Capital management, capital includes equity capital and all other reserves. The Company's capital management objective is to maximize the total shareholder return by optimizing cost of capital through flexible capital structure that supports growth.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings less cash and short-term deposits.

**Gearing Ratio:**

(₹ Cr)

Particulars	March 31, 2021	March 31, 2020
Debt	1,375.78	1,800.78
Less: Cash and bank balances	79.79	133.31
Net debt	1,295.99	1,667.47
Total equity	(695.23)	(729.64)
Net debt to total equity ratio	-	-

26. Financial Risk Management

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

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

Borrowings, trade payables and other financial liabilities constitute the Company's primary financial liabilities and investment in unquoted equity shares, trade receivables, loans, cash and cash equivalents and other financial assets are the financial assets.

a. Credit Risk**Trade receivables**

Credit risk refers to the risk of default on the receivables to the Company that may result in financial loss. The maximum exposure from trade receivables amounting to ₹ 293.31 Cr as of March 31, 2021 (₹ 521.74 Cr as of March 31, 2020).

Trade receivables mainly constitute subsidy receivable from Government of India and from sale of manufactured and traded fertilizers to dealer. As far as Government portion of receivables is concerned, risk of default is nil or insignificant. Credit risk is being managed through credit approvals, establishing credit limits and monitoring the 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 an investment in unquoted equity shares of Indian Potash Limited and Fortune Bio-Tech Limited. For Indian Potash Limited, the Company does not expect any losses from non-performance by the investee and hence no impairment is recognized whereas with respect to Fortune Bio-tech Limited, the company expects loss from non-performance by the investee. Accordingly, the company has provided impairment allowance fully in earlier year.

Loans and Advances

The company provides loans / advances to its employees on concessional or interest free basis. The company manages its credit risk in respect of such loans to employees through recovery of the same in a number of predetermined instalments.

**Cash and cash equivalents, deposits with banks and other financial Assets**

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit ratings. Therefore, the risk of default is considered to be insignificant.

In case of other financial Assets, there are certain credit impaired cases mainly due to breach of contract arising due to default or bankruptcy proceedings.

Summary of exposures to financial assets provided below:

(₹ Cr)

Financial asset	Exposure as at	
	March 31, 2021	March 31, 2020
Investments	202.75	179.80
Loans	11.16	7.08
Trade receivables	293.31	521.74
Cash and cash equivalents	50.00	100.08
Bank Balances other than cash & cash equivalents	29.79	33.23
Other financial assets	5.30	4.28
Total	592.31	846.21

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 deals. Historically the risk of default has been negligible or nil. Further, management believes that the unimpaired amounts that are past due by more than 60 days are still collectible in full, based on historical payment behavior and extensive analysis of customer credit risk.

The company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables excluding Subsidies from the Government and other financial Assets. The provision matrix of ECL for Trade Receivables at the end of reporting period is as follows:

Particulars	Expected Credit Loss %
Within credit period or upto 6 months past due	0 %
More than 6 months past due	100%

Ageing analysis of trade receivables (excluding subsidy from GOI)

As a policy, the Company does an ageing analysis of trade receivables, the details of which is stated below : (₹ Cr)

Particulars	Ageing as at	
	March 31, 2021	March 31, 2020
Less than 6 months	24.95	38.26
More than 6 months	4.44	4.44
Total Trade Receivables	29.39	42.70



Movement in expected credit loss allowance

(₹ Cr)

Particulars	Ageing as at	
	March 31, 2021	March 31, 2020
Trade Receivables (excluding subsidy from GOI)		
Opening Balance	4.44	4.44
Movement in the expected credit loss allowance *	-	-
Closing Balance	4.44	4.44
Investments		
Opening Balance	1.25	1.25
Movement in the expected credit loss allowance	-	-
Closing Balance	1.25	1.25
Other Financial Assets		
Opening Balance	1.01	1.01
Movement in the expected credit loss allowance	-	-
Closing Balance	1.01	1.01

*During the year, the company have recovered a sum of 15,000/-.

b. Liquidity risk

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

Maturities of financial liabilities

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

(₹ Cr)

March 31, 2021		Contractual cash flows					
Financial liabilities	Carrying amount	Less than a year	1-2 years	2-3 years	3-5 years	More than 5 years	Total
Borrowings	1,375.78	1,349.48	17.40	8.90	-	-	1,375.78
Lease Liabilities	2.20	1.59	0.61	-	-	-	2.20
Trade payables	291.45	291.45	-	-	-	-	291.45
Other financial liabilities	140.49	140.49	-	-	-	-	140.49
TOTAL	1,809.92	1,783.01	18.01	8.90	-	-	1,809.92



March 31, 2020		Contractual cash flows					
Financial liabilities	Carrying amount	Less than a year	1-2 years	2-3 years	3-5 years	More than 5 years	Total
Borrowings	1,800.77	1,749.49	26.04	16.34	8.90	-	1,800.77
Lease Liabilities	3.21	1.26	1.34	0.61	-	-	3.21
Trade payables	116.49	116.49	-	-	-	-	116.49
Other financial liabilities	127.96	127.96	-	-	-	-	127.96
TOTAL	2,048.43	1,995.20	27.38	16.95	8.90	-	2,048.43

c. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the entity comprises three types of risk: currency risk, interest rate risk and equity price risk.

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

d. Currency risk

The Company executes import agreements for the purpose of purchase of raw materials. These are not hedged by the Company owing to the materiality of such foreign exchange gain / loss values.

The currency profile of financial liabilities is as below :

(₹ Cr)

Particulars	March 31, 2021	March 31, 2020
Trade payables	152.89	35.35

Sensitivity analysis

A strengthening / weakening of the Indian Rupee, as indicated below, against the foreign currency as at 31 March would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for previous year, except that the reasonably possible foreign exchange rate variances were different, as indicated below.

(₹ Cr)

Particulars	As at March 31,2021		As at March 31,2020	
	Profit and loss		Profit and loss	
10% movement	Gain on appreciation	Loss on depreciation	Gain on appreciation	Loss on depreciation
Trade payables denominated in foreign currency	(3.60)	3.60	(3.54)	3.54

**e. Interest rate risk**

The Company is not exposed to any interest rate risk as the interest rate on the sole borrowing from GOI is fixed in nature.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows

(₹ Cr)

Particulars	March 31, 2021	March 31, 2020
Financial assets		
Fixed-rate instruments		
Employee loans	11.16	7.08
Financial liabilities		
Fixed-rate instruments		
GOI Term loan	554.24	554.24
Cash Credit from bank	95.92	171.86
Covid-19 Term loan	13.79	-

Fair value sensitivity analysis for fixed-rate instruments

The company's fixed rate instruments are carried at amortized cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

f. Equity price risk

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

Equity price sensitivity analysis

A 5% change in prices of equity instruments held as at March 31, 2021 and March 31, 2020 would result in an increase/ decrease of ₹ 10.14 Cr and ₹ 8.99 Cr in fair value of the equity instrument respectively.

27. Revenue from Contract with Customers:

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

(₹ Cr)

Particulars	For the year ended March 31,	
	2021	2020
Revenue from Sale of Products	381.70	335.25
Subsidy Income from Government	1,147.25	940.84
Total	1,528.95	1,276.09



c. Contract Assets and Liabilities :

(₹ Cr)

Particulars	As at March 31,	
	2021	2020
Contract Assets:		
Trade Receivables	24.95	38.26
Subsidy Receivables	268.36	483.48
Total	293.31	521.74
Contract Liabilities:		
Opening Balance	46.40	38.81
Less: Revenue Recognised	46.40	38.81
Add: Trade Advances	45.72	46.40
Closing Balance	45.72	46.40

Contract Liabilities in the Balance Sheet constitutes advance payments and billings in excess of revenue recognised. The Company expects to recognize such revenue in the next financial year. There were no significant changes in contract liabilities during the reporting period except amount as mentioned in the table and explanation given above. Under the payment terms generally applicable to the Company's revenue generating activities, prepayments are received only to a limited extent. Typically, payment is due upon or after completion of delivery of the goods.

28. Subsidy under New Pricing Scheme (NPS) for Urea

Escalation/De-escalation in input prices is subject to annual revision based on the actual prices. Accordingly, a sum of ₹ 52.30 Cr (Previous year ₹ 144.46 Cr payable) has been reckoned as receivable from FICC for the year 2020-21 towards annual escalation of input prices.

Subsidy includes an amount of ₹ 14.87 Cr (Previous year ₹ 81.74 Cr) being the additional fixed cost of ₹ 350 / MT for the years 2018-19 (₹ 14.14 Cr) and 2019-20 (₹ 0.73 Cr) is yet to be received. An amount of ₹ 7.19 Cr (PY ₹ 4.88 Cr) being the additional fixed cost benefit of ₹ 150/MT for conversion of Feed Stock from Naphtha to RLNG as per the approval of CCEA is yet to be received for both the year

29. The company has made a request to Dept. of fertilizers, for granting additional subsidy of ₹ 64.97 Cr in order to compensate the higher cost of production of "N" due to usage of Naphtha as captive ammonia in production of complex fertilizers under Nutrient Based Subsidy (NBS) for the extended period from FY 2012-13 to till the conversion of feedstock to RLNG ie., July, 2019. The Additional Compensation may be taken into account only as and when final order will be received from the Dept. of Fertilizers, Government of India.

30. During the year, the company has recognised its of subsidy income for Urea, NPK & city compost on the quantity sold to dealers at the applicable rates notified in line with the DBT scheme and general industry practices. Accordingly, the subsidy income towards opening unsold stock to dealers got de-escalated to the extent of ₹ 0.85 Cr, which has been duly accounted.

31. Disclosure as per Ind AS 108 'Operating segments'

Basis for segmentation

In the case of the Company, Chairman & Managing Director (CMD) is considered to be the Chief Operating Decision Maker (CODM). The CMD reviews the performance of the Company and allocate resources based on the various management information reports provided by the respective departments of the Company.



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

- 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.

Geographical information

The Company is in the operation of manufacture and sale of fertilizers within India, the entire revenue is domestic and all non-current assets are situated in India only.

Revenue from major customer

There is no single customer that accounts for more than 10% of the Company's revenue.

32. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006:

The total amount payable to Micro, Small and Medium Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2021 as identified by the management and relied upon by the Auditors is provided below :

(₹ Cr)

S.No	Particulars	March 31, 2021	March 31, 2020
i.	Dues outstanding more than 45 days	-	-
ii.	Amount remaining unpaid as at the end of the year Principal Amount Interest Amount	0.23	-
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	-	-

- 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.
- Being a Sick Company, the company has not implemented the pay revision of employees in pursuance of DPE OM No. W-02/0028/2017-DPE(WC)-GL-XIII/17 dated August 03, 2017 with effective from January 01, 2017 for Board Level and Below Board level Executives and Non-Unionized supervisors of CPSEs dated 3 August 2017 due to pending approval of revival / financial restructuring proposal. Accordingly, the amount of Arrears is not quantifiable at this stage.



35. The Company has agreed to allot Land for erecting of 400 KV DC Transmission line by TANTRANSOCO, as the project is conceived by TANTRANSOCO for public purpose. The Tower is erected inside the Company premises and approximately 410 meters transmission line crossing through the company premises.

36. Penalty on Non-Compliance of Composition of Board:

The company is not having the required number of Independent Directors on its Board due to vacancy arising out of expiry of term from 6th June, 2019 onwards. Accordingly, National Stock Exchange ("NSE") has levied a penalty of ₹ 0.57 Cr on the said non-compliance, which has been duly paid by the company.

Being a public sector undertaking, appointment of independent directors on the board lies in the hands of the Govt. of India, which is to be treated as Impossibility of compliance. The company has shown the said amount under "Other Current Assets", as the same can be claimed back once the said non-compliance is being rectified by the company.

37. The Company is in the process of signing MOU with DOF for the FY 2021-22 and is yet to be signed.

38. Confirmation of Balances has not been received in respect of Loans for GOI, Trade Receivables/Payables and Loans and Advances.

39. The Company is engaged in manufacturing and trading of fertilizers, which is an essential input for agriculture. Central and State Governments are giving top most priority on agriculture activities during Covid 19 situation also. The Company expects to continue the normal operations and does not expect any impact of Covid 19 in its operations which is evident from the fact that the production of Urea during the year 2020-21 is at 99% capacity with 4,80,865 MT of Urea production.

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

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

For and on behalf of Board of Directors

**As per our Report of even date
For Anand and Ponnappan**

Chartered Accounts
FRN 000111S

Sd/-

U Saravanan

Chairman and Managing Director
DIN 07274628

Sd/-

Lalsanglur

Director
DIN 08118636

Sd/-

Priya Ranjan Panda

General Manager F&A (a/c)

Sd/-

Dr. Girish Kumar

Company Secretary

Sd/-

R. Ponnappan

Partner
M No.021695

Place : Chennai

Date : 23.06.2021



MADRAS FERTILIZERS LIMITED - MANALI PLANT, CHENNAI

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



Shri. N. ANANTHAVIJAYAN
General Manager-P&A (a/c)



MADRAS FERTILIZERS LIMITED
MANALI, CHENNAI - 600 068