



49TH ANNUAL REPORT 2014 - 2015



MADRAS FERTILIZERS LIMITED

MFL

Board of Directors



Dr. I VIJAYAKUMAR, IRS
CHAIRMAN & MANAGING DIRECTOR



SHRI RAJIV YADAV, IAS
GOI Nominee Director



SHRI HEERA LAL SAMARIYA, IAS
GOI Nominee Director



SHRI ALIREZA ZAMANI
NICO Nominee Director



SHRI YASIN REZAZADEH
NICO Nominee Director



SHRI PAYMAN EHTESHAMI
NICO Nominee Director



SHRI U SARAVANAN
Director - Technical



CA MUKESH MOHAN GUPTA
BIFR Nominee Director



BOARD OF DIRECTORS (As on 28.08.2015)

Chairman & Managing Director

Dr I Vijayakumar, IRS

Directors

Shri Rajiv Yadav, IAS

Shri Heera Lal Samariya, IAS

Shri U Saravanan

Shri Alireza Zamani

Shri Yasin Rezazadeh

Shri Payman Ehteshami

CA Mukesh Mohan Gupta

Executives

Dr I Vijayakumar, IRS

Chairman & Managing Director

Shri U Saravanan

Director – Technical

Shri N Murali Krishna, ITS

Chief Vigilance Officer

Shri H Gunasekaran

General Manager (Plant)

Shri V Muralidharan

General Manager (F&A) & Company Secretary

Shri T Paul Premkumar

General Manager (M&D) - Acting

Shri K M Raja Manoharan

General Manager – (P&A) - Acting

Board Sub Committee/Management Committee

Dr I Vijayakumar, IRS

Shri Rajiv Yadav, IAS

Shri Heera Lal Samariya, IAS

Shri Payman Ehteshami

CA Mukesh Mohan Gupta

Audit Committee

Shri Rajiv Yadav, IAS

Shri Heera Lal Samariya, IAS

Shri Alireza Zamani

Shri Yasin Rezazadeh

CA Mukesh Mohan Gupta

Shareholders & Investors Grievance Committee

Dr I Vijayakumar, IRS

Shri Heera Lal Samariya, IAS

Shri U Saravanan

Shri Payman Ehteshami

CA Mukesh Mohan Gupta



MADRAS FERTILIZERS LIMITED

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Registered Office

Manali, Chennai – 600 068
Tamil Nadu, India

Principal Bankers

State Bank of India
State Bank of Patiala
State Bank of Hyderabad

Auditors

B Thiagarajan & Co.
Chartered Accountants
VIGFIN HOUSE
Old No. 15, New No. 24, Yogambal Street,
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 : 25942281 / 25945203 Fax : 25943613

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

NOTICE

NOTICE is hereby given that the 49th Annual General Meeting of Madras Fertilizers Limited will be held on 28, September, 2015 at MFL Training Centre Auditorium, (North Entrance Gate), MFL Plant, Manali, Chennai 600 068 at 02.30 PM to transact the following businesses:-

ORDINARY BUSINESS

- 1 To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2015 and the Statement of Profit & Loss for the year ended on that date together with the Reports of Directors' and the Auditors thereon.
2. To fix remuneration of Statutory Auditors for the Financial Year 2015-16 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 2015-16 be and is hereby fixed at ₹ 3,00,000/- to M/s. B Thiagarajan & Co (Firm Regn. No.004371S), Statutory Auditors besides reimbursement of travelling and out of pocket expenses at actuals subject to other terms and conditions laid down by the C&AG in their letter No. CA. V/ COY/ CENTRAL GOVERNMENT, MFL(1)/316 dated 10.07.2015."

SPECIAL BUSINESS

3. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary resolution:
"RESOLVED THAT Shri Heera Lal Samariya, IAS, be and is hereby appointed as Director of the Company"
4. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary resolution:
"RESOLVED THAT pursuant to the provisions of the Companies Act 2013 read with Companies (Audit and

Auditor) Rules 2014, Shri P R Tantri, Cost and Management Accountants, appointed by the Board as Cost Auditor to consider the cost audit of the Company for fertilizers for the financial year 2015-16 as per the directions which may be issued by the Central Government at a fee of ₹ 85,000/- besides reimbursement of travelling and out of pocket expenses at actuals be and is hereby ratified."

By Order of the Board

Chennai
May 29, 2015

Dr I Vijayakumar
Chairman & Managing Director

Note :

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

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

2. During the beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the company, provided that not less than 3 days of notice in writing is given to the Company.
3. Members/Proxies should bring the duly filled attendance slip attached with this notice to attend the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 22-09-2015 to 28-09-2015 (both days inclusive).
5. M/s. Integrated Enterprises (India) Ltd, Kences Towers, II Floor, No.1, Ramakrishna Street, T Nagar, Chennai 60017 are the Registrar and Transfer Agents and Depository Participants of the Company for physical / electronic shares



MADRAS FERTILIZERS LIMITED

and all correspondences with regard to transfer of shares etc may be addressed to them directly.

6. The relevant records are available for inspection by the Shareholders at the Registered Office of the Company at any time during the working hours till the date of the meeting.
7. Members may please note that NO GIFTS will be distributed at the meeting
8. Voting through electronic means:
 - i) Pursuant to the provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 49th Annual General Meeting (AGM) to be held on Monday, 28th September 2015, at 2.30 p.m. IST. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide the e-voting facility.

The e-voting facility is available at the link <https://www.evoting.nsdl.com>

The electronic voting particulars are set out below:

EVEN (e-voting event number)	User ID	Password
xxxxxx	xxxx	xxxx

The e-voting facility will be available during the following voting period:

Commencement of e-voting	End of e-voting
September 25, 2015 at 9.00 a.m. IST	September 27, 2015 at 5.00 p.m. IST

Please read the instructions printed below before exercising your vote.

These details and instructions form an integral part of the Notice for the Annual General Meeting to be held on 28th September 2015.

Steps for e-voting

1. Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>
2. Click on Shareholder-Login
3. If you are already registered with NSDL for e-voting, then you can use your existing User ID and Password for Login.
4. If you are logging in for the first time, please enter the User ID and Password provided in this document.
5. The Password Change menu will appear on your screen. Change in to a new Password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of the two. Please take utmost care to keep your Password confidential.
6. Once the e-voting home page opens, click on e-voting>Active Voting Cycles
7. Select EVEN (E-voting Event Number) of Madras Fertilizers Limited (the number is provided in this document). Once you enter the number, the Cast Vote page will open. Now you are ready for e-voting.
 - ii) Cast your vote by selecting your favoured option and click Submit. Also click Confirm when prompted. Please note that once your vote is cast on the selected resolution, it cannot be modified.
 - iii) Institutional 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. together with the attested specimen signature(s) of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer via e-mail at: bsnksh@yahoo.co.in with a copy marked to evoting@nsdl.co.in.
 - iv) In case of any queries, please refer to the Frequently Asked Questions (FAQs) for members and the e-voting user manual for members available in the 'Downloads' section of <https://www.evoting.nsdl.com>. You can also contact NSDL via email at evoting@nsdl.co.in.

8. General Instructions

- a) The e-voting period commences on 25th September 2015 (9.00 a.m. IST) and ends on 27th September 2015 (5.00 p.m. IST). During this period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 21st September 2015, may cast their vote electronically. The e-voting module shall also be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- b) Since the Company is required to provide members the facility to cast their vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 21st September 2015 and not casting their vote electronically, may only cast their vote at the Annual General Meeting.
- c) Shri B Sankaranarayanan, Practicing Company Secretary (Membership No. 7603) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.



MADRAS FERTILIZERS LIMITED

- d) The Scrutinizer shall, with in a period of not exceeding three working days from the conclusion of the e-voting period, unlock the votes in the presence of at least two witnesses, not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- e) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on 21st September 2015.
- f) The results will be declared on or after the AGM of the Company. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.madrasfert.nic.in and on the website of NSDL within three days of the passing of the resolutions at the 49th Annual General meeting of the Company on 28th September 2015 and communicated to the National Stock Exchange of India Ltd.

All documents referred to in the accompanying Notice and the Statement pursuant to Section 102(1) of the Companies Act, 2013, will be available for inspection at the Registered Office of the Company during business hours on all working days upto the date of declaration of the result of the 49th Annual General Meeting of the Company.

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

Item No.3: Appointment of Shri Heera Lal Samariya, IAS, as Director

Shri Heera Lal Samariya, IAS was nominated by the Government of India for appointment as Director in pursuance of Article 85 (a) and 86 read with Article 88 of the Articles of the Association of the Company in place of Shri K M Gupta, IES, Shri Heera Lal Samariya, IAS, was appointed as Director on the Board of the Company by the Board of Directors effective April 27, 2015. As per the provisions of Sec 161 of the Companies Act, 2013 and the Articles of

Association of the Company, Shri Heera Lal Samariya, IAS will hold office only up to the date of Annual General Meeting.

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

None of the Directors is interested in the resolution, except Shri Heera Lal Samariya, as it concerns his appointment.

Item No.4: Appointment of Cost Auditor for the year 2015-16

The Board at its 273rd meeting held on May 26, 2014 approved appointment of Shri P R Tantri, Cost Accountant as the Cost Auditor for the Financial Year 2014-15 at a remuneration of ₹ 75,000/- excluding reimbursement of out of pocket expenses at actuals.

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

Accordingly, the Board in its 278th meeting held on May 29, 2015 has approved the appointment of Shri P R Tantri, Cost Auditor, for conducting the Cost Audit of the company for the year 2015-16 at the remuneration of ₹ 85,000 /- Shri P R Tantri has also communicated his willingness to take up the assignment.

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

By Order of the Board

Chennai
May 29, 2015

Dr I Vijayakumar
Chairman & Managing Director

**MADRAS FERTILIZERS LIMITED****DETAILS OF DIRECTORS SEEKING APPOINTMENT IN THE ANNUAL GENERAL MEETING
(Pursuant to Clause 49 of Listing Agreement)**

Particulars	Shri Heera Lal Samariya, IAS (DIN 00054859)
Date of Birth	14.09.1960
Date of Appointment on the Board	27.04.2015
Relationship with other Directors	Nil
Expertise in Specific Functional areas	Joint Secretary, Department of Fertilizers, Ministry of Chemicals & Fertilizers, Govt. of India, New Delhi
Qualification	Graduate in Civil Engineering
Board Membership of other Companies as on March 31, 2015	Director, Indian Potash Limited and ICS Senegal
Chairman / Member of the Committee of the Board of Directors of the Company as on March 31, 2015	Member Audit Committee, Management Committee, Shareholders & Investors Grievance Committee
Chairman / Member of the Committee of Directors of other Companies in which he is a director as on March 31, 2015	
a) Audit Committee	Nil
b) Shareholders Grievance Committee	Nil
c) Remuneration Committee	Nil
Shareholding in the Company (as on 31/03/2015)	Nil



DIRECTORS' REPORT

The Shareholders

Madras Fertilizers Limited

Your Directors have pleasure in presenting herewith the 49th Annual Report together with the Balance Sheet as on March 31, 2015 and the Profit & Loss Statement for the year 2014-15.

SUMMARY OF FINANCIAL RESULTS

(₹ Cr)

	2014-15	2013-14
Turnover	1701.87	2593.47
Profit Before Interest, Depreciation, DRE and Tax	(33.10)	231.00
Interest	83.98	82.79
Depreciation	17.61	42.41
Extraordinary items (OTS benefit)	-	-
Profit / (Loss) Before Tax	(134.69)	105.80
Provision for Tax	-	5.76
Profit / (Loss) After Tax	(134.69)	100.04
Cash Profit / (Loss)	(117.08)	142.45

The Company's operations for the year ended with a loss of ₹134.69 Cr (Previous Year profit ₹100.04 Cr). The total accumulated loss as of 31.3.2015 was ₹517.14 Cr. (Previous Year ₹ 380.72 Cr).

SICKNESS AND REVIVAL

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

The Company's operation became profitable, thereafter, due to amendments in policies and improvement in production performance. The Company shall come out of sickness, once the draft rehabilitation scheme (DRS) is approved by DoF & BIFR and the same is implemented.

DIVIDEND

The Company does not propose to declare any Dividend to shareholders during the Fiscal 2015, as per the Companies (Declaration and Payment of Dividend) Rules, 2014, due to huge accumulated losses (₹ 517.14 Cr) and negative net worth (₹ 342.61 Cr) as on March 31, 2015.

PLANT PERFORMANCE

During 2014-15, Urea production was 328900 MT (67.6% capacity) with an annual specific energy consumption of 8.086 Gcal/MT. Main reason for the lower production and a higher energy consumption is as follows.

1. CPCL Hydrogen limitation and initial technical problem while restarting the Plant during April 2014.
2. From October 8th 2014 to January 14th 2015 plants were shut down due to Gol policy.

During the year, GOI vide notification dated Apr 02, 2014 has directed to close down the Naphtha based Ammonia, Urea Plants from Jul 01, 2014. However, vide notification dated Sep 03, 2014 the units were permitted to run up to September 30, 2014. Subsequently, GOI vide notification dated Jan 07, 2015 permitted to run Naphtha based Ammonia-Urea Plants for 100 days from the date of notification and hence in MFL Ammonia-Urea Plants, after shutdown for 3 months during Oct to Dec 2014, production was resumed during Jan 2015 and Urea Plant was run upto Apr 16, 2015.

With respect to Complex Fertilizers, MFL produced 0.74 lac MT of NPK 17:17:17 during 2014-15. Ammonia was procured from RCF for sustaining NPK Production the quantity procured was 1767.59MT.

GAS CONVERSION

MFL Ammonia Plant is gas compatible with minor modifications in the Front End of the Ammonia Plant and the Basic Engineering Design Package has already been completed by M/s Haldor Topsoe A/S (HTAS), Denmark, MFL Ammonia Plant Process Licensor. The detailed engineering is being carried out by M/s Projects & Development India Ltd. (PDIL) and is in the advanced stage of completion.

Tenders for the major equipment viz., NG Fired Heater, Primary Reformer Burners, NG Preheat Coil, NG fuel preheater, Pipings & other instrument items were floated and under technical evaluation by M/s PDIL and as per PDIL, the project is expected to be completed by 2015.

In the meantime, MFL is exploring all the possibilities of sourcing Natural gas either from IOCL from their proposed Ennore LNG Terminal, which would become operational by the year 2018 or from GAIL through KKMBPL (Kochi-Koottanad-Mangalore-Bangalore pipeline) thru a spur line from Krishnagiri. As per GAIL, this project is likely to be implemented by the year 2017-18.



MADRAS FERTILIZERS LIMITED

As per MFL's Board direction, Heads of Agreement (HoA) was signed with IOCL on September 17, 2013, for supply of Gas to MFL.

In the meantime, action has also been initiated to procure RLNG from M/s.LNG Bharat Pvt Ltd, through Cryogenic Road Tankers from its proposed RLNG terminal at Krishnapatnam Port which is 150 Km from MFL Plant.

MARKETING PERFORMANCE

Fertilizer Sales

Shutdown of Urea Plant for 3 month period due to GOI policy has resulted into lower production and hence during the year, Company has sold 4.01 lakh MT of fertilizers as compared to 5.45 lakh MT of previous year. The seasonal condition by and large in south India was satisfactory except in Andhra Pradesh and Telangana States wherein the rainfall was around 65% only. The market share of MFL urea was 5.71% in south India during 2014 – 15.

GOI, in order to optimise Nitrogen use efficiency, is promoting production of Neem Coated Urea for slow release of Nitrogen in the soil. There was a cap of 35% of production capacity for Neem Coated Urea so far and during Jan 2015 the GOI announced removal of the cap and 75% production capacity to produce Neem Coated Urea is made mandatory. During the year, MFL commenced production of Neem Coated Urea and sold 967 MT in the market and production of this value added urea would be enhanced in the coming years per GOI directives for optimising urea application with a vision to increase food grains productivity towards achieving food security.

Efforts for streamlining logistics operations on cost effective basis continued this year also and 89% of the products were directly delivered to the dealers.

Cash sales through RTGS payment accounted for 94.5% of total sales and 99% of the cheques got realised within seven days. There has not been a single case of Bad Debt for this year also.

Agrochemicals, Bio-fertilizers & Organic Manure

₹ 197.37 lakh of Eco - friendly Neem based agrochemical was traded during the year as against ₹ 194.47 lakh for previous year.

The Company has sold 349 MT of Biofertilizers during the year as against 147 MT for the previous year. There was an increase of 137% sales against previous year.

Under Basket Approach, the Company has also sold 5432 MT of Organic Manure during the year in Tamil Nadu, Pondicherry,

Karnataka, Andhra Pradesh and Kerala States against 8,898 MT sold during last year. The short fall in sales was due to the repeated purchases from farmers were not forthcoming since this eco – friendly product is recently introduced to enrich soil fertility and awareness has been picking up in slow phase. Intense promotional programmes are planned in the coming years to promote eco - friendly products like Organic Manure, City compost, Neem Pesticides, etc., in a larger way to develop and sustain the eco – friendly agriculture environment.

MARKET DEVELOPMENT & AGRO-SERVICE PROGRAMS

MFL's Marketing personnel have contacted 33602 farmers during the year and educated them about the package and practices of cultivation of major crops, soil health techniques and optimum usage of chemical fertilizers, bio-fertilizers and Neem products to enhance soil fertility and food grains productivity for consequent growth in economy.

Under corporate social responsibility to farming community, the Marketing personnel had collected 5658 Soil samples, analysed and communicated the micro & macro nutrient recommendations of various crops to farmers during the year.

PUBLIC DEPOSIT

There are no Public Deposits with the Company.

ISO 9001 / 14001

CMD has approved the annual Quality / Environment objectives for all the functional areas and the same has been communicated to the respective functional area for compliance during the year 2014-15

MFL has obtained EMS (ISO 14001:2004) Renewal Certification for three years effective Jun 1, 2014 upto May 31, 2017 from M/s Indian Register Quality Systems (IRQS), our certifying body

1st surveillance Audit for QMS (ISO 9001:2008) has been conducted by IRQS on 30th October 2014 at Head office Manali and October 28, 2014 at Vellore and Bangalore regional offices.

Internal Audit on QMS and EMS was conducted during Feb - 2015 which was essential for conducting the Surveillance Audit which took place during first week of April – 2015.

MEMORANDUM OF UNDERSTANDING

The Company entered into MOU with Department of Fertilizers (DOF), Government of India for the year 2015-16 on March 30, 2015 setting up targets for performance of the Company in terms of static and dynamic parameters.



VIGILANCE

ACTIVITIES AND ACHIEVEMENTS OF VIGILANCE DEPARTMENT DURING 2014-15

- Complaints received were attended and reports submitted as per Complaints Handling Policy of the Company / Central Vigilance Commission (CVC) guidelines.
- Continuously monitoring the progress of Disciplinary Proceedings in respect of vigilance cases for timely completion.
- Agreed List of Suspected Officers and List of Officers of Doubtful Integrity were finalised and sent to DoF.
- Annual Property Returns of Officers were scrutinized as per CVC guidelines.
- Rotation of Officers in sensitive posts effected as per CVC guidelines.
- Vigilance activities for the year 2014-15 were reviewed by the Board of Directors in the 276th Meeting held on Nov. 11, 2014.
- As per the Central Vigilance Commission's requirement, CVO had one Structured Meeting with the CMD, MFL on July 1, 2014 at MFL Chennai, and pending issues were discussed threadbare and suggestions given to the Management.
- For easy reference, CVC Guidelines / Circulars on Tenders are made available in MFL's Online Integrated System (OLIS).
- CVC guidelines on Tenders and disciplinary proceedings and other matters as and when received were communicated to Management for necessary action.
- Tenders with estimated value more than Rs.2 lacs are being published in Central Public Procurement Portal (CPPP).
- For all Tenders with value more than Rs.5 lacs, e-Tendering method is being followed.
- Vigilance Awareness Week (VAW) 2014 was observed between Oct 27, 2014 and Nov 1, 2014 as advised by CVC. The following are the highlights:
 1. CMD administered Vigilance Awareness Pledge on October 27, 2014 at 11 a.m. to mark the commencement of VAW 2014.

2. On Oct 28, 2014, a Guest Lecture was organised on the topic 'Dharma and Vigilance' which was delivered by Shri C L Ramakrishnan, retired IPS Officer.
3. Slogan contest in English, Hindi and Tamil on Greed and Corruption was organised in which MFL employees participated.
4. Similarly, an Essay Competition on the theme "Combating Corruption – Technology as an Enabler" was organised for MFL employees as well as for the Students of two neighbouring schools.
5. In a function held on Nov 26, 2014, CMD presented Prizes and Certificates to the Winners of the Slogan / Essay competitions held in connection with VAW 2014 observed from Oct 27 – Nov 1, 2014.

HUMAN RELATIONS AND INDUSTRIAL RELATIONS MANPOWER & TRAINING

The total strength of MFL as on 31.03.2015 is 693 as against 734 as on 31.03.2014. 436 employees have been trained during the period Apr 2014 – Mar 2015 on Technical, Soft and Life skills for the enduring benefit and development of the Organisation.

INDUSTRIAL RELATIONS

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

OFFICIAL LANGUAGE IMPLEMENTATION

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

SC / ST WELFARE ACTIVITIES

The Presidential Directives and various guidelines issued by the Government of India from time to time relating to the welfare of SC / ST employees are being scrupulously followed. A Liaison Officer for SC / ST at DGM level ensures implementation of Government Directives. MFL is constantly reviewing the vacancies reserved for SC / ST and is taking concerted efforts to fill up those vacancies.

Lumpsum contribution of ₹ 30000/- per year for celebration of Dr. Ambedkar's Jayanthi was sanctioned.

Two computers were provided to Thiruvottiyur Municipality High School and three computers to Panchayat Union Primary School where downtrodden community students are studying.



CORPORATE SOCIAL RESPONSIBILITY (CSR)

Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate and Social Responsibility Policy) Rules, 2014 your Company has updated the CSR Policy which was already approved by the Board at the Board meeting held on 05.11.2013.

As a part of the CSR initiatives, your Company during the financial year 2014-15 has among the other initiatives, undertaken the following projects:

Construction of Toilet in Panchayat Union Primary School (PUPS), Ariyalur, Puzhal Block, Thiruvallur District, Tamil Nadu, at an estimated cost of ₹ 2.5 lacs is under progress.

Regular supply of potable water through pipelines from MFL to Harikrishnapuram (Manali), a neighbourhood village (around 500 families) is ensured.

INVESTOR RELATIONS CELL (IRC)

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

DIRECTORS

Government of India have appointed Shri Heera Lal Samariya, IAS, Under Secretary, Department of Fertilizers, as GOI Nominee Director in MFL Board in place of Shri K M Gupta, IES, effective April 27, 2015.

The Board placed on record the valuable and outstanding contribution made by the outgoing Director Shri K M Gupta, IES during his tenure as Director on the Board for the substantial and sustainable development of the Company.

AUDITORS

The Comptroller & Auditor General of India have appointed M/s B Thiagarajan & Co, Chartered Accountants, Chennai as Statutory Auditors of the Company for the year 2014-15.

STATUTORY INFORMATION

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.

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.

Directors' Responsibility Statement

Directors' Responsibility Statement as required under Section 134 of Companies Act 2013 is furnished in **Annexure-II** forming part of this report.

Management Discussion and Analysis Report

Management Discussion and Analysis Report, as required under Listing Agreement is enclosed as **Annexure-III** forming part of this report.

Corporate Governance

Your Company is fully compliant with the Corporate Governance guidelines, as laid out in Clause 49 of the Listing Agreement. Certificate received from the Auditors of the Company regarding compliance of Corporate Governance guidelines of SEBI as required under Listing Agreement is enclosed as **Annexure IV** forming part of the report.

Code of Conduct

Declaration affirming compliance with the code of conduct pursuant to clause 49 of the Listing Agreement is enclosed as **Annexure V** forming part of this report.

Extract of Annual Return

As provided under Section 92 (3) of the Companies Act, 2013 the details forming part of extract of the Annual Return in form MGT 9 is enclosed as **Annexure VI**.

Secretarial Audit

In terms of the provisions of Section 204 of the Companies Act, 2013 and Rules framed thereunder, a Secretarial Report in the prescribed format, obtained from a Company Secretary in practice, is required to be annexed to the Board's Report. In view thereof, your Board at its meeting held on November 11, 2014 appointed Mr V Esaki (CP 11022), No.47 VOC Nagar, Nehru Street, Anna Nagar East, Chennai 600 102 as the Secretarial Auditor of your Company. The Secretarial Auditors' Report for the fiscal 2015 is enclosed as **Annexure VII**.



MADRAS FERTILIZERS LIMITED

APPRECIATION

Your Directors wholeheartedly place on record their appreciation for the continued and unstinted support of Government of India, Department of Fertilizers, Government of Tamilnadu, NICO, Financial Institutions, Banks, 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.

Chennai
August 10, 2015

By order of the Board

Dr I Vijayakumar
Chairman & Managing Director



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

Disclosure of Particulars with respect to Conservation of Energy

		Financial Year 2014-15	Previous Year 2013-14
A. Power and fuel consumption			
1. Electricity			
<i>(a) Purchased</i>			
Unit (lakhs) *		952.877	1200.194
Total amount (₹ in lakhs)		6679.422	7879.743
Rate / unit (₹)		7.01	6.57
*Includes power consumed at TTP, Kodungaiyur			
<i>(b) Own generation</i>			
<i>(i) Through diesel generator</i>			
Units (lakhs)		13.349	17.358
Diesel consumption (KL)		399.630	503.590
Units per ltr. of diesel oil		3.340	3.447
Cost/unit (₹)		17.50	18.88
2. Coal		Not applicable	Not applicable
3. Furnace oil & LSHS			
Quantity (tonnes)		90144	110242
Total cost (₹ in lakhs)		39686.699	56162.887
Average rate (₹ per tonne)		44025.89	50945.09
4. Others/generation:		Nil	Nil
B. Consumption per unit of production			
	FICC Norm	2014-15	2013-14
(a) Product : Ammonia			
Electricity (KWH) *	115.000	160.908	120.439
Fuel oil + LSHS (MT)	0.2341	0.2567	0.2029
Naphtha (MT)	0.7829	0.7912	0.7371
* includes own generation			
(b) Product: Urea			
Electricity (KWH)	202.000	180.616	170.631
Fuel oil + LSHS (MT)	0.1309	0.1157	0.1062
(c) Product: NPK			
Electricity (KWH)	43.410	56.566	56.358
Fuel oil + LSHS (MT)	0.0069	0.0116	0.0121



MADRAS FERTILIZERS LIMITED

FORM - B

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

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

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1	Efforts in brief made towards technology absorption, adaptation and innovation.	
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

	2014-15
1. Activities relating to export	NIL
2. Total Foreign Exchange used	(₹ Cr)
a) Raw Materials	88.77
b) Components & Spare Parts	15.38
c) Books & Periodicals / Travel	0.06
Total	104.21
3. Total Foreign Exchange earned	NIL



DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 of Companies Act, 2013, your Directors, based on the representations received from the Operations Management, confirmed that :-

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- they have, in the selection of the accounting policies, consulted the Statutory Auditors and have 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;
- they have taken proper and sufficient care, to the best of their knowledge and ability, 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;
- they have prepared the annual accounts on a going concern basis.
- they have laid down internal financial control to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**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 (N:P & N:P:K) at Manali, Chennai. MFL is also engaged in manufacturing Bio-fertilizers and marketing eco-friendly Agro Chemicals under the brand name "VIJAY".

Introduction

During the year 2014-15, normal rainfall was received in Tamil Nadu, Pondicherry, Karnataka and Kerala states, where as in Andhra Pradesh / Telangana 35% deficient rainfall was received. The crop coverage during the year was normal in all the Southern States of Company's marketing territory except Andhra Pradesh / Telangana wherein 91% of cropped area covered. The consumption of NP / NPK products has improved when compared to last year due to reduction in price of raw materials as well as crude Oil in the International Market.

Fertilizer Sector

The consumption of DAP, NP/NPK and MOP have increased in MFL's marketing territory because of better crop coverage during 2014-15 than 2013-14. However, consumption of Urea is reduced by around 6%, mainly due to non-availability of domestic urea from the 3 Naphtha based Urea units located in MFL's marketing territory.

Due to GOI policy to close down Naphtha based Urea units, three plants including MFL with a combined capacity of 15 lakh MT per annum stopped production during peak Rabi seasonal months of Oct – Dec 2014. During the last quarter of 2014-15, these three units including MFL were permitted to produce Urea for 100 days from Jan 07, 2015 with a rider that average LNG price less VAT should be considered as input price for subsidy calculation and the concerned State Governments should forego VAT on Naphtha supplied to these units. During the same period Naphtha price also has come down consequent to fall of Global Crude Oil prices and the energy equivalent price of Naphtha and LNG were almost equal, which gave relief to MFL to some extent under revised guidelines.

For Complex fertilizers, NBS is applicable from 01.04.2010 where subsidy is fixed by Government on yearly basis and the MRP is allowed to be fixed by manufacturers based on market dynamics. In the current year, for 17-17-17 from 1.4.2015 onwards Government is maintaining previous year subsidy of ₹ 9,359/MT.

The subsidy element is being regulated by the Department of Fertilizers through Mobile Fertilizer Monitoring System (mFMS). From Nov 2012 onwards, the system is implemented and 100% acknowledgement of first point of sale from dealers were received up to March 31, 2015. All fertilizer manufacturers are suffering on account of non-payment of balance subsidy of 5% for Urea and 15% for NPK since Nov 2012 due to implementation of mFMS linked subsidy payment.

GOI has announced Gas Pooling Arrangement for input pricing of Gas based Urea units from May 2015. Subsequently, GOI has implemented the New Urea Policy-2015, effective June 2015 for 25 gas based units (divided into 3 Groups based on pre-set energy norms), wherein the units will be eligible to get the concession rate on the basis of the revised energy norms. The Naphtha based units are covered under a new Policy pronounced on June 17, 2015, wherein the units will be eligible to get the concession rate on the basis of the revised energy norms applicable for naphtha units.

GOI has announced that P & K fertilizers are removed from Movement Control and also the subsidy for rail transportation would be given on lumpsum basis, against the current actual basis, to help companies economise on transport.

Global Scenario

During 2014-15, prilled Urea Arabian Gulf prices were highly fluctuating and during Oct 2014 while the price was USD 315 PMT, it went up to USD 332.5 PMT during mid Jan 2015. Subsequently, the price came down to USD 249 PMT during Apr 2nd week and again risen to USD 307.5 PMT by end of May 2015.



MADRAS FERTILIZERS LIMITED

Phosphoric Acid price was USD 715 PMT during mid of May 2014 to Mid Jul 2014 and the price was USD 765 PMT up to 3rd week of Mar 2015, which subsequently increased to USD 805 PMT.

MOP price was USD 322 PMT upto Apr 2015 and from May 2015 increased to USD 332 PMT. Exchange rate fluctuation has greater impact on NPK and Urea manufacturers, Traders and thanks to the softening of price of Crude Oil / Naphtha which helped in managing Ammonia & Urea prices domestically.

PRODUCTION, IMPORTS AND CONSUMPTION OF MAJOR FERTILIZERS

The figures of production, imports and consumption of major fertilizers viz, Urea and NPK complexes in India for the years 2013-14 and 2014-15 are given below:

(Lakh MT)

PRODUCT	UREA		DAP		NPK		MOP	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
PRODUCTION	227.17	225.90	36.12	34.44	69.14	78.28	NIL	NIL
IMPORTS	70.87	87.49	32.61	38.17	3.62	2.91	31.77	41.77
CONSUMPTION	304.54	308.75	68.54	75.58	71.27	81.70	21.92	27.80

MFL PRODUCTION OF UREA / NP / NPK FERTILIZERS

(Lakh MT)

YEAR	2010-11	2011-12	2012-13	2013-14	2014-15
UREA PRODUCTION	4.79	4.87	4.36	4.87	3.26
NP/NPK PRODUCTION	-	0.36	1.00	0.45	0.74

PRODUCTION OF VIJAY BIO FERTILIZERS

(MT)

YEAR	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
QUANTITY	436.87	452.64	480.65	377.51	142.77	349.14

ALL INDIA DEMAND FORECAST FOR FERTILIZER NUTRIENTS 2015-16 TO 2016-17

(Lakh MT)

PERIOD	N	P	K	Total	Ratio (NPK)
2015-16	194	93	40	327	4.85:2.33:1
2016-17	199	95	41	335	4.85:2.32:1

ALL INDIA PRODUCT-WISE DEMAND FORECAST FOR 2015-16 TO 2016-17

(Lakh MT)

PERIOD	UREA	DAP	SSP	MOP	COMPLEX FERTILIZERS
2015-16	329	122	55	46	111
2016-17	337	124	59	48	114



MADRAS FERTILIZERS LIMITED

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

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

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

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

The per kg Nutrient Based Subsidy for Nutrients 'N' 'P' 'K' for 2013-14, 2014-15 & 2015-16 is given below:

(₹)

Sl.No.	Nutrients	2013-14	2014-15	2015-16
1	N	20.875	20.875	20.875
2	P	18.679	18.679	18.679
3	K	18.833	15.500	15.500
4	S	1.677	1.677	1.677

Accordingly, NBS was finalised for different P&K fertilizers and additional subsidy was given for fortified fertilizers with secondary & micro-nutrients like Sulphur, Boron & Zinc. However, the additional compensation for using Naphtha based Captive Ammonia by MFL has not been announced since 1.4.2012, which is under consideration of GOI. For the current year 2015 – 16, subsidy fixed by GOI during 2014 – 15 is being continued.

RISK MANAGEMENT

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

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

INTERNAL CONTROL SYSTEM

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

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



MADRAS FERTILIZERS LIMITED

ANNEXURE - IV

Auditors Certificate on Corporate Governance

To
The Members of Madras Fertilizers Limited,
Manali, Chennai 600068

We have examined the compliance of conditions of Corporate Governance by Madras Fertilizers Limited for the year ended 31st March 2015, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges.

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

In term of listing agreement, the composition of Board of Directors (Clause 49-I(A)) and Audit committee (Clause 49-II(A)) is to be reconstituted with Qualified and Independent Members.

Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us and representations made by management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained and certified by the Registrar and Share Transfer Agents of the Company, there were no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Investors' Grievances Committee.

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

For **B THIAGARAJAN & CO.**
Chartered Accountants
Firm Regn. No. 004371S

Ram Srinivasan
Partner
M No. 220112

Chennai
August 10, 2015

ANNEXURE -V

DECLARATION AFFIRMING COMPLIANCE WITH THE CODE OF CONDUCT PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

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

All Board Members and Senior Management personnel affirmed compliance with the code for the financial year 2014-15.

By order of the Board

Chennai
August 10, 2015

Dr I Vijayakumar
Chairman & Managing Director

**MADRAS FERTILIZERS LIMITED****ANNEXURE -VI**

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2015

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

I. REGISTRATION & OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	NA	NA	NA	NA	NA



MADRAS FERTILIZERS LIMITED

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	95,851,700		95,851,700	59.50%	95,851,700		95,851,700	59.50%	0.00%
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.									
e) Banks / FI									
f) Any other									
Sub Total (A) (1)	95,851,700	-	95,851,700	59.50%	95,851,700	-	95,851,700	59.50%	0.00%
(2) Foreign									
a) NRI Individuals									
b) Other Individuals									
c) Bodies Corp.	41,516,500		41,516,500	25.77%	41,516,500		41,516,500	25.77%	0.00%
d) Any other									
Sub Total (A) (2)	41,516,500	-	41,516,500	25.77%	41,516,500	-	41,516,500	25.77%	0.00%
TOTAL (A)	137,368,200	-	137,368,200	85.27%	137,368,200	-	137,368,200	85.27%	0.00%
B. Public Shareholding									
1. Institutions									
a) Mutual Funds		2,400	2,400	0.01%		2,400	2,400	0.01%	0.00%
b) Banks / FI	245,050	34,600	279,650	0.17%	245,050	34,600	279,650	0.17%	0.00%
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	245,050	37,000	282,050	0.18%	245,050	37,000	282,050	0.18%	0.00%
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	2,048,531	144,001	2,192,532	1.36%	1,885,821	144,001	2,029,822	1.26%	-7.42%
ii) Overseas									



MADRAS FERTILIZERS LIMITED

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	8,499,978	4,192,048	12,692,026	7.88%	8,280,520	4,127,614	12,408,134	7.70%	-2.24%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	8,499,634		8,499,634	5.28%	8,759,266		8,759,266	5.44%	3.05%
c) Others (specify)									
Non Resident Indians									
Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members	23,729		23,729	0.01%	50028		50,028	0.03%	110.83%
Corporate CM/TM-Client Beneficiary A/c	26,265		26,265	0.02%	181485		181,485	0.11%	590.98%
Corporate CM/TM-Client Margin A/c	6,864		6,864	0.00%	21815		21,815	0.01%	217.82%
Limited Liability Partnership					500		500	0.00%	0.00%
Trusts	10,000		10,000	0.01%			-	0.00%	
Foreign Bodies - D R									
Sub-total (B)(2):-	19,115,001	4,336,049	23,451,050	14.56%	19,179,435	4,271,615	23,451,050	14.56%	0.00%
Total Public (B)	19,360,051	,373,049	23,733,100	14.73%	19,424,485	4,308,615	23,733,100	14.73%	0.00%
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	156,728,251	4,373,049	161,101,300	100%	156,792,685	4,308,615	161,101,300	100%	0.00%

(ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	The President of India	95,851,700	59.5%	0	95,851,700	59.5%		0.00%
2	Naftiran Inter Trade Company Ltd	41,516,500	25.77%	0	41,516,500	25.77%		0.00%



MADRAS FERTILIZERS LIMITED

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

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

(iv) Shareholding Pattern of top ten Shareholders

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

SN	For each of the Top 10 shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
1	K R Gupta	5153261	0.320	230318	0.143
2	Kali Ram Gupta	484855	0.301	210058	0.130
3	ABL Infrastructure Private Limited	404194	0.251	729934	0.453
4	Tanvi J Mehta	400000	0.248	-	-
5	Kali Ram Gupta Karta	312987	0.194	271781	0.169
6	K R Gupta	305766	0.190	203766	0.126
7	Ranjit N	300000	0.186	-	-
8	Shakuntla Gupta	286660	0.178	236660	0.147
9	Shakuntla Gupta	257488	0.160	242457	0.150
10	Indusind Bank Limited	245000	0.152	245000	0.152
11	Anil bansilal Lodha	-	-	703541	0.437
12	Kali Ram Gupta	-	-	271781	0.169
	Total	8150211	2.180	3345296	2.076

(v) Shareholding of Directors and Key Managerial Personnel:

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



MADRAS FERTILIZERS LIMITED

V. INDEBTEDNESS

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

(₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	55,424.00	-	55,424.00
ii) Interest due but not paid	-	32,975.00	-	32,975.00
iii) Interest accrued but not due	-	1,555.00	-	1,555.00
Total (i+ii+iii)	-	89,954.00	-	89,954.00
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	55,424.00	-	55,424.00
ii) Interest due but not paid	-	38,434.00	-	38,434.00
iii) Interest accrued but not due	-	1,590.00	-	1,590.00
Total (i+ii+iii)	-	95,448.00	-	95,448.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹)

SN.	Particulars of Remuneration	Dr I Vijayakumar Chairman & Managing Director
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,138,113.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	931,019.00
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil
2	Stock Option	Nil
3	Sweat Equity	Nil
4	Commission	Nil
	- as % of profit	Nil
	- others, specify	Nil
5	Others, please specify	Nil
	Total (A)	3,069,132.00
	Ceiling as per the Act	-



MADRAS FERTILIZERS LIMITED

B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors	Total Amount (₹/Lac)
1	Independent Directors	Nil	Nil
	Fee for attending board committee meetings		
	Commission		
	Others, please specify		
	Total (1)		
2	Other Non-Executive Directors		
	Fee for attending board committee meetings		
	Commission		
	Others, please specify		
	Total (2)		
	Total (B)=(1+2)		
	Total Managerial Remuneration		

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

(₹)

SN.	Particulars of Remuneration	Mr V Muralidharan, Company Secretary
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,385,217.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	15,600.00
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	
2	Stock Option	Ni
3	Sweat Equity	Ni
4	Commission	
	- as % of profit	Ni
	- others, specify	
5	Others, please specify	Ni
	Total	1,400,817.00

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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



Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31/03/2015

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

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

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

Based on my verification of the **MADRAS FERTILIZERS LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31/03/2015 complied with the statutory provisions listed hereunder and also that the Company has Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, Minute Books, Forms and Returns filed and other records maintained by M/s. **MADRAS FERTILIZERS LIMITED** for the financial year ended on 31/03/2015 according to the provisions of:

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

The company has duly complied with the procedure laid under the Companies Act 1956 / 2013, forms, returns in this connection have been filed, except to the extent that the companies composition of the board is not in order.

The Company is yet to appoint Independent Directors, One Women Director, CFO into the Board. & Resignation of Directors are to filed with the Registrar of Companies, Tamil Nadu, Chennai

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

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

1. Factories Act, 1948
2. Industrial dispute Act, 1947



MADRAS FERTILIZERS LIMITED

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

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

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

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

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

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Nominee Director and has *No Independent Directors, One Women Director, CFO* on the Board. The changes in the composition of the Board of Directors that took place during the period under review and *are yet to be carried out* in compliance with the provisions of the Act.

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

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

Chennai
29.06.2015

Signature:
V.Esaki
C P No: 11022



REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

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.

Board of Directors

Composition

At present the strength of the Board comprises eight 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 one BIFR Nominee Director. The Company is a Government of India Undertaking under the control of Ministry of Chemicals and Fertilizers, Dept of Fertilizers (DOF), Government of India. For appointment of independent directors, the Company has taken up the matter with DOF, the Administrative Ministry. It is understood that a search committee has been engaged to identify and appoint suitable persons as Independent Directors. DOF's communication on appointment of independent directors is awaited.

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 are tabulated below:

S.No.	Director	Category	Tenure		In other Boards / Committees		
			From	To	Director-ship	Member-ship	Chairman- ship
1	Dr I Vijayakumar, IRS	CMD	11.05.2012	Continuing	3	-	-
2	Shri Satish Chandra, IAS	NED-Govt. Nominee	08.08.2012	02.07.2014	-	-	-
3	Shri Rajiv Yadav, IAS	NED-Govt. Nominee	03.07.2014	Continuing	3	1	-
4	Shri K M Gupta, IES	NED-Govt. Nominee	01.05.2014	27.04.2015	-	-	-
5	Shri Heera Lal Samariya, IAS	NED-Govt. Nominee	27.04.2015	Continuing	2	1	-
6	Shri CMT Britto DT (Addl.Charge)	ED-Addl. Charge	08.11.2013	12.08.2015	2	-	-
7	Shri U Saravanan Director Technical	Executive Director	13.08.2015	Continuing	-	-	-
8	Shri M H Ghodsi	NED-NICO Nominee	25.04.2009	22.04.2015	-	-	-
9	Shri Alireza Zamani	NED-NICO Nominee	22.04.2015	Continuing	2	1	-
10	Shri Ahmad Azmoodeh	NED-NICO Nominee	22.08.2012	28.04.2015	-	-	-
11	Shri Payman Ehteshami	NED-NICO Nominee	28.04.2015	Continuing	1	1	-
12	Shri Mohammad Ali Ahmadi	NED-NICO Nominee	22.05.2013	23.02.2015	-	-	-
13	Shri Yasin Rezazadeh	NED-NICO Nominee	23.02.2015	Continuing	2	2	-
14	CA Mukesh Mohan Gupta	BIFR Nominee Director	04.06.2013	Continuing	7	1	-

Meetings Held

During the year, 5 meetings of Board were held on 26th May 2014, 30th July 2014, 29th September 2014, 11th November 2014 and 6th February 2015. The Annual General Meeting was held on 29th September 2014. Details of attendance of at the Board Meetings and Annual General Meeting are as follows:-



MADRAS FERTILIZERS LIMITED

Director	Category	Board Meetings during respective tenure of Directors		Whether attended last AGM held on 29.09.2014
		Held	Attended	
Dr I Vijayakumar	CMD	5	5	Yes
Shri Satish Chandra, IAS (upto 02.07.2014)	NED-Govt. Nominee	1	-	No
Shri Rajiv Yadav, IAS (w.e.f.3.7.2014)	NED-Govt. Nominee	4	3	No
Shri K M Gupta, IES (up to 27.04.2015)	NED-Govt. Nominee	5	3	No
Shri CM T Britto	Executive Director (Addl.Charge)	5	2	Yes
Shri M H Ghodsi (up to 22.04.2015)	Non-Executive Director	5	2	No
Shri Ahmad Azmoodeh (up to 28.04.2015)	Non-Executive Director	5	4	Yes
Shri Mohammad Ali Ahmadi (up to 23.02.2015)	Non-Executive Director	5	2	Yes
CA Mukesh Mohan Gupta	BIFR Nominee Director	5	1	No

Management Committee

Management Committee comprises Dr. I Vijayakumar, Shri Rajiv Yadav, Shri Heera Lal Samariya, Shri Payman Ehteshami and CA Mukesh Mohan Gupta. This Committee meets to consider any urgent matter and to review the Company's operations.

Audit Committee

During the year 2014-15, the Audit Committee met on 4 times i.e. 26th May 2014, 30th July 2014, 11th November 2014, 6th February 2015. Details of attendance of the Audit Committee Meetings are as follows:-

Name of the Audit Committee Members	Status	No of Meetings Attended
Shri Satish Chandra, IAS (upto 02.07.2014)	Chairman	1
Shri Rajiv Yadav, IAS (w.e.f.3.7.2014)	Chairman	3
Shri K M Gupta, IES	Member	3
Shri M H Ghodsi	Member	3
Shri Mohammad Ali Ahmadi	Member	2
CA Mukesh Mohan Gupta	Member	1

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 ₹ 30,69,132/-

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

Shareholders' / Investors' Grievance Committee

During the year 2014-15, two meetings of Investors' Grievance Committee were held on May 26, 2014 and November 11, 2014. The Committee comprises Dr I Vijayakumar, CMD, Shri CMT Britto and Shri Payman Ehteshami and CA Mukesh Mohan Gupta as members. The scope and function of the Committee is per provisions of the Listing Agreement.



MADRAS FERTILIZERS LIMITED

Name of the Director	Status	No of Meetings attended
Dr I Vijayakumar	Chairman	2
Shri CMT Britto	Member	1
Shri Ahmad Azmoodeh (upto 28.4.2015)	Member	1
CA Mukesh Mohan Gupta	Member	1

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

During the year, 18 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 22 which includes attending Loss of Share Certificate, general queries etc. All the complaints were redressed in full and there is no pending as of March 31, 2015.

Compliance Officer: Mr V Muralidharan, appointed as Company Secretary and Compliance Officer effective December 27, 2013.
General Body Meetings

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

Year	Venue	Date	Time
2013-2014	MFL Training Centre Auditorium (North Gate Entrance) MFL Plant Manali, Chennai – 600 068	29/09/2014 (Monday)	02.30 P.M.
2012-2013	MFL Training Centre Auditorium (North Gate Entrance) MFL Plant Manali, Chennai – 600 068	25/09/2013 (Wednesday)	3.00 P.M.
2011-2012	MFL Training Centre Auditorium (North Gate Entrance) MFL Plant Manali, Chennai – 600 068	12/09/2012 (Wednesday)	3.00 P.M.

During the year under review, no special resolution was passed by postal ballot as per Companies Act, 1956 and Listing Agreement.

Related Party Transactions :

Pursuant to SEBI's Circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 read with Circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014, all existing material related party contracts or arrangements as on April 17, 2014, the date of aforesaid SEBI's circular, which are likely to continue beyond March 31, 2015 needs to be placed for approval of the Shareholders in the first General Meeting subsequent to October 1, 2014.

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.



MADRAS FERTILIZERS LIMITED

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 2014-15 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.

Means of Communication

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

Quarterly Financial Results :

Quarterly Financial results are published in one National Daily, Financial Express and one Regional Daily Maalaisudar. The financial results are made available on the Company's website: www.madrasfert.nic.in.

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

General Shareholders Information

Annual General Meeting, Date, Time and Venue:

AGM Date : September 28, 2015
Time : 02.30 P.M
Venue : MFL Training Centre Auditorium (North Gate Entrance)
MFL Plant, Manali, Chennai – 600 068
Financial Year : April 2014 – March 2015
Book Closure Date : 22-09-2015 to 28-09-2015 (both days inclusive)
Dividend Payment : Nil

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

Listing on Stock Exchanges: National Stock Exchange of India Ltd

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

Stock Code / Symbol :

National Stock Exchange of India Ltd : MADRASFERT



MADRAS FERTILIZERS LIMITED

High / Low share prices during the year April 1, 2014 to March 31, 2015

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 2014	17.40	14.50	6869.85	6650.40	799081	127.21
May	22.50	14.50	7504.00	6638.55	3045973	582.53
Jun	24.50	19.30	7700.05	7239.50	4563659	1034.16
Jul	24.45	19.00	7840.95	7422.15	2592734	583.02
Aug	22.15	17.30	7968.25	7540.10	1059287	201.73
Sep	21.45	18.20	8180.20	7841.80	1150450	227.64
Oct	19.80	17.15	8330.75	7723.85	416221	76.66
Nov	20.90	17.30	8617.00	8290.25	1176085	219.22
Dec	21.35	16.50	8626.95	7961.35	1320880	256.57
Jan 2015	24.70	18.20	8996.60	8065.45	2698805	580.71
Feb	21.85	16.75	8941.10	8470.50	1915091	374.25
Mar	20.75	15.35	9119.20	8269.15	699308	121.55

Share Transfer System

M/s Integrated Enterprises (India) Ltd (IEL), a SEBI Registered Registrar & 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 Enterprises (India) Ltd
Kences Towers, 2nd Floor
1, Ramakrishna Street
Off: North Usman Road
T Nagar, Chennai 600 017
Phone 091-044 - 2814 0801 to 803
Email : corperv@integratedindia.in

Dematerialisation of Shares:

MFL has connectivity with both NSDL and CDSL

ISIN No : INE 414A01015

156792685 equity shares (representing 97.33% of total shares) have been dematerialized as of March 31, 2015. In terms of number of shareholders, 60.72% of shareholders have dematted their shares.



MADRAS FERTILIZERS LIMITED

Distribution of Shareholding:

The distribution of shareholding as on March 31, 2015 is as follows:

	Physical			NSDL			CDSL			Total		
Dist	Count	Shares	%	Count	Shares	%	Count	Shares	%	Count	Shares	%
Up to 500	6660	1866615	1.16	6906	1414458	0.88	2832	518387	0.32	16398	3799460	2.36
501 - 1000	1826	1782000	1.11	1542	1433503	0.89	503	462060	0.29	3871	3677563	2.28
1001 - 2000	207	375000	0.23	600	995567	0.62	195	322715	0.20	1002	1693282	1.05
2001 - 3000	36	102000	0.06	176	481222	0.30	85	225443	0.14	297	808665	0.50
3001 - 4000	5	17100	0.01	83	306373	0.19	33	121942	0.08	121	445415	0.28
4001 - 5000	17	84900	0.05	120	580936	0.36	51	248395	0.15	188	914231	0.57
5001 - 10000	9	81000	0.05	154	1204374	0.75	53	420866	0.26	216	1706240	1.06
Above 10000				164	145091347	90.06	50	2965097	1.84	214	148056444	91.90
Grand Total	8760	4308615	2.67	9745	151507780	94.05	3802	5284905	3.28	22307	161101300	100.00

CATEGORY OF SHAREHOLDERS AS ON MARCH 31, 2015 AS FOLLOWS:

S No	Category	PHYSICAL				ELECTRONIC				TOTAL			
		No. of Holders	% of holders	Shares	% of Shares	No. of Holders	% of holders	Shares	% of Shares	No. of Holders	% of holders	Shares	% of Shares
1	BANK'S	13	0.06	34600	0.02	2	0.01	245050	0.15	15	0.07	279650	0.17
2	BODIES CORPORATE	80	0.36	144001	0.09	261	1.17	1885821	1.17	341	1.53	2029822	1.26
3	CLEARING MEMBER					60	0.27	253328	0.16	60	0.27	253328	0.16
4	EMPLOYEES	88	0.39	74600	0.05	117	0.52	90498	0.06	205	0.91	165098	0.11
5	FOREIGN PROMOTERS					1	0.00	41516500	25.77	1	0.00	41516500	25.77
6	GOVERNMENT/PROMOTERS					1	0.00	95851700	59.50	1	0.00	95851700	59.50
7	LIMITED LIABILITY PARTNERSHIP					1	0.00	500	0.00	1	0.00	500	0.00
8	MUTUAL FUND	1	0.00	2400	0.00		0.00			1	0.00	2400	0.00
9	N R I					64	0.29	284171	0.18	64	0.29	284171	0.18
10	RESIDENT INDIAN	8578	38.47	4053014	2.51	13040	58.46	16665117	10.34	21618	96.93	20718131	12.85
	Total	8760	39.28	4308615	2.67	13547	60.72	156792685	97.33	22307	100.00	161101300	100.00



MADRAS FERTILIZERS LIMITED

MODEWISE SHAREHOLDINGS AS ON 31-03-2015

MODE	COUNT	SHARES	%
PHYSICAL	8760	4308615	2.67
NSDL	9745	151507780	94.05
CDSL	3802	5284905	3.28
GRAND TOTAL	22307	161101300	100.00
CATEGORY	COUNT	SHARES	%
G O I	1	95851700	59.50
NAFTIRAN INTER TRADE COMPANY LTD	1	41516500	25.77
OTHERS	22305	23733100	14.73
GRAND TOTAL	22307	161101300	100.00

Plant Location : Manali, Chennai 600 068

The Address for correspondence is

V.Muralidharan

General Manager (Finance & Accounts) and

Company Secretary

Madras Fertilizers Limited

Manali, Chennai 600 068

Tel : 044 – 2594 5203 : 044 – 2594 2281

Fax : 2594 3613

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



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MADRAS FERTILIZERS LIMITED, FOR THE YEAR ENDED 31 MARCH 2015

The preparation of the financial statements of **Madras Fertilizers Limited**, for the year ended 31 March 2015 in accordance with the financial reporting frame work prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act, based on independent audit in accordance with Standards on Auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 29.05.2015

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143 (6) (a) of the Act, of the financial statements of **Madras Fertilizers Limited**, for the year ended 31 March 2015. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditor and is limited primarily to inquiries of the Statutory Auditor and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's Report.

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

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

Place : Chennai
Date : 06.08.2015



MADRAS FERTILIZERS LIMITED

COMMENTS OF THE STATUTORY AUDITORS M/s B THIAGARAJAN & CO, CHARTERED ACCOUNTANTS, CHENNAI ON THE ACCOUNTS OF MADRAS FERTILIZERS LIMITED FOR THE YEAR 2014-15	THE COMPANY'S REPLIES UNDER SECTION 134 (3) (f) OF THE COMPANIES ACT, 2013
<p>6 Reference is invited to Note 24(B)(iii) regarding accounting of a sum of ₹ 23.80 crores towards additional compensation under Nutrient Based Subsidy (NBS) for producing P&K fertilizers which has been accrued as receivable from Department of Fertilizers (DOF) during the current financial year ended 31st March 2015. As the proposal to extend the scheme for additional compensation is still under consideration by DOF as at the year end, in our opinion, the sum of ₹ 92.00 crores (including ₹ 68.20 crores pertaining to previous year ended 31st March 2014) is not recoverable as it is not in accordance with the principles of revenue recognition as laid down in Accounting Standard 9 – Revenue Recognition and to that extent has the effect of understatement of loss for the year ended 31st March 2015 and overstatement of claims recoverable (forming part of Note 16 - Other Current Assets) as at 31st March 2015.</p> <p>Paragraph 6 has the effect of understatement of the current year's loss to the extent of ₹ 23.80 crores, and has the effect of overstatement of net worth and overstatement of claims recoverable (forming part of Note 16 - Other Current Assets) to the extent of ₹ 92.00 crores.</p>	<p>The additional compensation was originally approved by DOF for three Companies using Naphtha based Ammonia, in the production of NPK complex fertilizers up to March 31, 2012 to support them to sustain production of NPK and to convert to Natural Gas feedstock by that time. None of them could convert to Natural Gas as the same was not available.</p> <p>For one of the Companies which signed Gas Transportation Agreement, additional compensation was extended up to June 2013. Applying the same principle, the Company has realistically accounted the additional compensation at the 2011-12 announced rates for 2012-13, 2013-14 and based on the letter from DOF during Mar 2015 stating that the proposal to extend the additional compensation up to March 2015 is under the active consideration, the Company has realistically accounted the same as receivable for 2014-15 also.</p> <p>In the considered opinion of the Company, had the same not been accounted, the Accounts shall not give a true and fair view and shall defeat the very purpose of matching concept in as much as the expenditure is accounted, the estimated income also has to be accounted.</p> <p>This is adequately disclosed under the Significant Accounting Policies - Note 24 (A) 10 (ii).</p>
<p>7 Reference is invited to Note No. 24(A)(7)(vii) of the Significant Accounting Policies of the Company regarding valuation of inventories, Ammonia is valued at cost which is not in accordance with Accounting Standard 2 (Valuation of Inventories) which requires inventory to be valued at lower of cost and Net Realisable Value (NRV)</p>	<p>Ammonia is only an intermediary and not a finished product for the Company as it is meant for captive consumption only. As per the Government guideline, Urea manufacturers are not allowed to sell Ammonia unless declared as surplus and with prior permission of GOI.</p> <p>Per Para 24 of AS - 2 (Valuation of Inventories) materials and other supplies held for use in the production are not written down below cost if the finished products in which they will be incorporated or expected to be sold at or above cost. Hence, the valuation adopted by the Company is in line with AS-2 (Valuation of Inventories).</p> <p>Being industry practice, valuation of Ammonia at cost is adequately disclosed under Significant Accounting Policies 24(A) 7 (vii).</p>



MADRAS FERTILIZERS LIMITED

8	Reference is invited to Note 24(B)(ii) regarding accounting of a sum of ₹ 159.17 crores towards de-escalation in input prices which has been considered as payable to Fertilizer Industry Coordination Committee (FICC) for the year ended 31 st March 2015 under New Pricing Scheme (NPS) for Urea. Adjustments may arise in future in respect of the above on final payment.	FICC have not notified the final concession rates for 2014-15. Hence the Company has realistically estimated the escalation as disclosed under the Significant Accounting Policies - Note 24 (A) 10 (i) which is in line with principles and disclosure practices as stipulated in AS 9 (Revenue Recognition).
9	<p>Reference is invited to Note 29(h) regarding balances in Long term borrowings from GOI, Trade Receivable/Payables, Claim recoverable and loans and advances are subject to confirmation and consequential adjustments.</p> <p>The effect of Paragraphs 7, 8 & 9, above on the profit of the Company for the year ended 31st March 2015 is not ascertainable.</p>	Adequate disclosure in this regard is made under note 29(h) annexed to Accounts. The Company has obtained confirmation from most of the high value debtors and creditors. Hence there is no possibility of consequential adjustments.

For B THIAGARAJAN & CO.
Chartered Accountants
FRN 004371S

For and on behalf of the Board of Directors

CA. RAM SRINIVASAN
Partner
M. No. 220112
July 21, 2015

Dr I VIJAYAKUMAR
Chairman & Managing Director

August 10, 2015



INDEPENDENT AUDITOR'S REPORT

To

The Members of Madras Fertilizers Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Madras Fertilizers Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and the summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. 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 preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and preventing & detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the act and the rules made thereunder.
4. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Basis for Qualified Opinion

6. *Reference is invited to Note 24(B)(iii) regarding accounting of a sum of ₹ 23.80 crores towards additional compensation under Nutrient Based Subsidy (NBS) for producing P&K fertilizers which has been accrued as receivable from Department of Fertilizers (DOF) during the current financial year ended 31st March 2015. As the proposal to extend the scheme for additional compensation is still under consideration by DOF as at the year end, in our opinion, the sum of ₹ 92.00 crores (including ₹ 68.20 Crores pertaining to previous year ended 31st March 2014) is not recoverable as it is not in accordance with the principles of revenue recognition as laid down in Accounting Standard 9 – Revenue Recognition and to that extent has the effect of understatement of loss for the year ended 31st March 2015 and overstatement of claims recoverable (forming part of Note 16 - Other Current Assets) as at 31st March 2015;*

Paragraph 6 has the effect of understatement of the current year's loss to the extent of ₹ 23.80 crores and has the effect of overstatement of net worth and overstatement of claims recoverable (forming part of Note 16 - Other Current Assets) to the extent of ₹ 92.00 Crores;

7. *Reference is invited to Note No. 24(A)(7)(vii) of the Significant Accounting Policies of the Company regarding valuation of inventories, Ammonia is valued at cost which is not in accordance with Accounting Standard 2 (Valuation of Inventories) which requires*



MADRAS FERTILIZERS LIMITED

inventory to be valued at lower of cost and Net Realisable Value (NRV);

8. *Reference is invited to Note 24(B)(ii) regarding accounting of a sum of ₹ 159.17 crores towards de-escalation in input prices which has been considered as payable to Fertilizer Industry Coordination Committee (FICC) for the year ended 31st March 2015 under New Pricing Scheme (NPS) for Urea. Adjustments may arise in future in respect of the above on final payment;*

9. *Reference is invited to Note 29(h) regarding balances in Long term borrowings from GOI, Trade Receivable/ Payables, Claim recoverable and loans and advances are subject to confirmation and consequential adjustments;*

The effect of Paragraphs 7, 8 and 9 above on the profit of the Company for the year ended 31st March 2015 is not ascertainable.

Emphasis of matter

10. *Without qualifying our opinion, reference is invited to Note 10(b) regarding value of land at Manali New Town in respect of which the Company is yet to acquire title as at the year end.*

Qualified Opinion

11. Subject to our comments in Para 6 to 9 above, in our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;

(b) in the case of the Statement of Profit and Loss, of the **LOSS** for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

12. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

13. As required by Section 143(5) of the Act, we give in Annexure A, a statement of matters specified by the Comptroller and Auditor-General of India for the Company.

14. As required by section 143(3) of the Act, we report that

- we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- except for the effects of the matters described in the 'Basis for Qualified Opinion' paragraph**, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) rules, 2014;
- The Department of Company Affairs has clarified that the provisions of sub section (2) of Section 164 of the Companies Act, 2013 are not applicable to Government Companies.
- With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to best of our information and according to the explanation given to us:
 - The Company has disclosed the impact of pending litigation on its financial position in its financial statement.
 - The Company has made provision, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
 - There has been no delay in transferring amounts, required to be transferred, to the investor's education and protection fund by the Company.

For B THIAGARAJAN & CO.

Chartered Accountants
Firm Regn. No. 004371S

Ram Srinivasan

Partner

M No. 220112

Chennai
21st July 2015



ANNEXURE TO AUDITORS' REPORT

*(Referred to in paragraph 12 of the Auditors' Report of even date to the members of **MADRAS FERTILIZERS LIMITED** on the financial statements for the year ended March 31, 2015)*

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) As per the information and explanations given to us, physical verification of fixed assets has been carried out in terms of the phased programme of verification adopted by the company, i.e. once in three years by an independent firm of Chartered Accountants which in our opinion is reasonable having regard to the size of the Company and nature of its assets. We have been informed that discrepancies noticed on physical verification of fixed assets carried out in the past, other than what has been subsequently located, as compared to the books and records were not material.
2. (a) Physical verification of inventories inside factory premises has been carried out by the management at reasonable intervals and the physical verification of stocks of stores and spare parts has been conducted by an independent firm of Chartered Accountants in a phased manner so as to complete the verification of all items over a period of three years. Finished goods are taken as per warehousing certificates. In our opinion, the frequency of verification of inventory is reasonable. Warehousing certificates has not been received in a few cases, which however is not significant in value.
(b) Reference is drawn to Note 24(B)(viii)(b) forming part of Accounts regarding evaluation of effectiveness of inventory management by an outside professional agency. As the exercise has not been completed on the date of this report, we are unable to express an opinion on whether any adjustments would be required in the books of account.
(c) In our opinion, the company has maintained proper records of inventory. In our opinion, discrepancies noticed on physical verification of stocks were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
3. (a) As per information furnished to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act during the year.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal control systems.
5. In our opinion, the Company has complied with the provisions of Section 73 to 76, other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 with regard to deposits accepted from public. During the year, the Company has not accepted any fixed deposits from public. We are also informed by the Management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or Tribunal and any other relevant authority.
6. We have broadly reviewed the books of account maintained by the Company in respect of products pursuant to the order of Central Government for maintenance of cost records prescribed under Section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we are not required to and have not carried out any detailed examination of such records.
7. (a) According to the records provided to us, the company is generally regular in depositing with the appropriate authorities, undisputed statutory dues to ESI, EPS, Excise duty, Customs duty Sales Tax, Income tax, Provident Fund contribution, Service tax and other material statutory dues applicable to it. We are informed that the Company has no liability towards Wealth tax, Cess and Investor education and protection fund.
According to the information and explanations given to us, there are no undisputed demands in respect of Income tax, Service tax, Sales tax, Customs duty, Excise duty, Provident Fund contribution and other material statutory dues as applicable which were in arrears as at 31st March 2015 for a period of more than six months from the date they became payable, which have not been deposited with the relevant statutory authority.
(b) According to the information and explanations given to us, there are no disputed demands in respect of Income tax, Service tax, Sales tax, Customs duty, Excise duty, Provident Fund contribution and other material statutory dues as applicable, which have been deposited with the relevant statutory authority. However, according to



MADRAS FERTILIZERS LIMITED

information and explanations given to us, disputed dues of Excise duty, Employees Provident Fund and Misc. Provisions Act and Tamil Nadu General Sales Tax which have been deposited by the Company and disputed

dues of Customs duty, Kerala Value Added Taxes, and Employees State Insurance Act which have not been deposited by the Company are given below:

S No	Name of the statute	Nature of dues/demand	Period of dispute	Amount (₹ lakhs)	Forum where dispute is pending
1.	Central excise act, 1944	With regard to dispute on levy of excise duty for the period from 26.08.1995 to 16.11.2006	1995	542.25	CESTAT
2.	Tamil Nadu General Sales tax act, 1959	Levy of additional tax @ 1% u/s 3(4) of TNGST Act 1995 -96 and 1996-97	2003	47.05	Sales tax appellate Tribunal
3.	Customs Act	Differential customs duty claimed by Commissioner of Customs	1998	6586.00	Commissioner of Customs (Appeals)
4.	Kerala Value Added Taxes	Levy of VAT on subsidy	2009-10 2010-11	510.57	High Court of Kerala
5.	Employees Provident Fund and Misc. Provisions Act, 1952	Penalty for late remittance	1995-96 to 1996-97	10.97	High Court of Madras
6.	Employees State Insurance Act, 1948	Belated remittance of contribution and levy of interest	Apr 92' to Sep 95' Jan 97' to Jul 99' 1999-2000, 2000-01	61.80	ESI Court

- c) Transfer of any amount to Investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made thereunder is not applicable to the company during the period under review.

8. Subject to the effect of our comments in Paragraphs 6 to 9 described in the 'Basis for Qualified Opinion' of the main audit report, the Company has accumulated losses as at the end of the financial year of ₹ 517.14 crores which has exceeded 50 per cent of the net worth. **Subject to the effect of our comments in Paragraphs 6 to 9 described in the 'Basis for Qualified Opinion' of the main audit report,** the Company has incurred cash loss in the current financial year but has not incurred cash loss in the immediately preceding financial year.

9. Based on our verification and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to its financial institutions and banks.

10. In our opinion and according to the information and explanation given to us, the Company has not given any

guarantee for loans taken by others from banks / financial institutions.

11. In our opinion, and according to the information and explanations given to us, the Company has obtained term loans during the year are applied for the purpose for which it has been sanctioned.

12. During the course of examination of the books and records of the Company carried out in accordance with the generally accepted auditing procedures in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have been informed of such cases by the management.

For B THIAGARAJAN & CO.
Chartered Accountants
Firm Regn. No. 004371S

Ram Srinivasan
Partner
M No. 220112

Chennai
21st July 2015



Annexure A to the Independent Auditor's Report

*(Referred to in paragraph 13 of the Auditors' Report of even date to the members of **MADRAS FERTILIZERS LIMITED** on the financial statements for the year ended March 31, 2015)*

Directions under section 143(5) of The Companies Act, 2013 (Applicable from the accounts of 2014-15 and onwards)

1. If the Company has been selected for disinvestment, a complete status report in terms of Valuation of Assets (including intangible assets and land) and Liabilities (including committed and General Reserves) may be examined including the mode and present stage of disinvestment process."

As informed to us by the Management, the Company has not been selected for disinvestment as on date.

2. Please report whether there are any cases of waiver/write off of debts/loans/interest etc. If yes, the reasons therefor and the amount involved.

As informed to us by the Management, no waiver of debt/loan/ interest has been sanctioned to the Company by Government of India or any third party against debts due by the Company.

3. Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.

As informed to us by the Management, there are no amounts of inventories lying with third parties. Further, no assets have been received as gift from Government or other authorities.

4. A report on age-wise analysis of pending legal/ arbitration cases including the reasons of pendency and existence / effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.

We are unable to give the age-wise analysis since the Company does not maintain information in such manner and consequently adequate details were not furnished to us. Further, there are no norms/procedures for monitoring expenditure on legal cases.

For B THIAGARAJAN & CO.

Chartered Accountants

Firm Regn. No. 004371S

Ram Srinivasan

Partner

M No. 220112

Chennai

21st July 2015



MADRAS FERTILIZERS LIMITED

BALANCE SHEET

as at March 31, 2015 (Note 1)

(₹ Crores)

	Notes	March 31, 2015	March 31, 2014
I EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	3	162.14	162.14
Reserves and Surplus	4	<u>(504.75)</u>	<u>(368.33)</u>
		(342.61)	(206.19)
NON CURRENT LIABILITIES			
Long Term Borrowings	5	196.54	229.22
Deferred Tax Liabilities(Net)		-	-
Long Term Trade Payables	6a	-	-
Other Long Term Liabilities	6b	-	-
Long Term Provisions	7a	<u>16.90</u>	<u>18.03</u>
		213.44	247.25
CURRENT LIABILITIES			
Short Term Borrowings	8	359.44	235.66
Short Term Trade Payables	9a	264.41	690.06
Other Current Liabilities	9b	853.79	763.14
Short Term Provisions	7b	<u>7.09</u>	<u>5.64</u>
		1484.73	1694.50
TOTAL		<u>1355.56</u>	<u>1735.56</u>
II ASSETS			
NON CURRENT ASSETS			
Fixed Assets			
Tangible Assets	10		
i. Gross Block		951.21	943.82
ii. Less : Depreciation Reserve		<u>767.87</u>	<u>748.59</u>
Net Block		183.34	195.23
Capital Work- in- progress		14.69	17.29
Dismantled Assets		<u>0.00</u>	<u>0.99</u>
c/o		198.03	213.51

**MADRAS FERTILIZERS LIMITED****BALANCE SHEET**

as at March 31, 2015 (Note 1) (contd)

(₹ Crores)

	Notes	March 31, 2015	March 31, 2014
	b/f	198.03	213.51
Non Current Investments	11	0.40	0.40
Deferred Tax Assets(Net)		-	-
Long Term Loans and Advances	12a	17.09	14.56
Long Term Trade Receivables	13a	-	-
CURRENT ASSETS			
Inventories	14	189.84	223.70
Short Term Trade Receivables	13b	13.59	0.09
Cash and cash equivalents	15	17.68	22.76
Short Term Loans and Advances	12b	5.86	12.64
Other Current Assets	16	913.07	1247.90
TOTAL		1355.56	1735.56

Notes 1 to 29 form part of these financial statements.

/For and on behalf of the Board/

Dr. I VIJAYAKUMAR
Chairman & Managing Director

ALIREZA ZAMANI
Director

V MURALIDHARAN
General Manager - Finance & Accounts
and Company Secretary

May 29, 2015

As per our Report of even date

For **B THIAGARAJAN & CO.**
Chartered Accountants
FRN 004371S

CA RAM SRINIVASAN
Partner
M No 220112

May 29, 2015



STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2015 (Note 2)

(₹ Crores)

	Notes	2014-15	2013-14
I Revenue from operations			
Gross Sales	17	339.86	362.08
Less: Excise Duty		<u>3.39</u>	<u>3.58</u>
		336.47	358.50
Subsidy - Urea		1267.91	2166.99
- NPK		<u>97.49</u>	<u>67.98</u>
		1365.40	2234.97
II Other Income	18	17.55	12.50
III Total Revenue (I+II)		<u>1719.42</u>	<u>2605.97</u>
IV Expenses :			
Cost of materials consumed	19a	1513.06	2082.06
Purchase of Stock-in-Trade	19b	5.21	6.78
Changes in inventories of finished goods, work-in-progress and Stock-in-trade	20	6.75	59.49
Employee benefit expenses	21	92.98	87.93
Finance costs	22	83.97	82.79
Depreciation and amortization expense		17.61	42.41
Other Expenses	23	<u>134.53</u>	<u>138.71</u>
Total Expenses		<u>1854.11</u>	<u>2500.17</u>
V Profit before exceptional/extraordinary items and tax (III-IV)		(134.69)	105.80
VI Exceptional Items		<u>-</u>	<u>-</u>
VII Profit before extraordinary items and tax (V-VI)		(134.69)	105.80
VIII Extraordinary Items		<u>-</u>	<u>-</u>
IX Profit before tax (VII-VIII)		(134.69)	105.80
X Tax expense:			
- Current Tax		0.00	5.76
- Deferred Tax		<u>-</u>	<u>-</u>
XI Profit/(loss) for the period from continuing operations (IX-X)	c/o	(134.69)	100.04



MADRAS FERTILIZERS LIMITED

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2015 (Note 2) (Contd.,)

(₹ Crores)

	Notes	2014-15	2013-14
	b/f	(134.69)	100.04
XII Profit/(loss) for the period from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit/(loss) for the period from discontinuing operations after tax (XII-XIII)		-	-
XV Profit/(Loss) for the period (XI+XIV)		(134.69)	100.04
XVI Earnings Per Equity Share			
Profit/(Loss) available to members (₹ Crores)	(134.69)	100.04	
Weighted Average Number of Equity Shares used as denominator for calculating EPS	16,11,01,300	16,11,01,300	
Basic & Diluted in ₹ per share		(8.36)	6.21

Notes 1 to 29 form part of these financial statements.

/For and on behalf of the Board/

Dr. I VIJAYAKUMAR
Chairman and Managing Director

ALIREZA ZAMANI
Director

V MURALIDHARAN
General Manager - Finance & Accounts
and Company Secretary

May 29, 2015

As per our Report of even date

For **B THIAGARAJAN & CO.**
Chartered Accountants
FRN 004371S

CA RAM SRINIVASAN
Partner
M No 220112

May 29, 2015



NOTES TO FINANCIAL STATEMENT for the year ended March 31, 2015

	(₹ Crores)	
	March 31, 2015	March 31, 2014
3 SHARE CAPITAL		
AUTHORISED SHARES		
17,50,00,000 Equity Shares of ₹ 10 each	175.00	175.00
19,00,00,000 Preference Shares of ₹ 10 each	190.00	190.00
	<u>365.00</u>	<u>365.00</u>
ISSUED SHARES		
16,59,98,200 Equity Shares of ₹ 10 each	166.00	166.00
	<u>166.00</u>	<u>166.00</u>
SUBSCRIBED AND PAID-UP SHARES		
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
	<u>162.14</u>	<u>162.14</u>

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

Equity Shares	March 31, 2015		March 31, 2014	
	No. of Shares	(₹ Crores)	No. of Shares	(₹ Crores)
At the beginning of the period	16,11,01,300	161.10	16,11,01,300	161.10
Issued during the period	-	-	-	-
Outstanding at the end of the period	16,11,01,300	161.10	16,11,01,300	161.10
Add: Shares Forfeited at the beginning of the period	20,76,600	1.04	20,76,600	1.04
	<u>16,31,77,900</u>	<u>162.14</u>	<u>16,31,77,900</u>	<u>162.14</u>

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

During the year ended March 31, 2015, the amount of per share dividend recognised as distribution to equity shareholders was ₹ Nil (March 31, 2014 ₹ Nil)

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



MADRAS FERTILIZERS LIMITED

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

	March 31, 2015		March 31, 2014	
	No. of Shares	% Holding	No. of Shares	% Holding
Equity Shares of ₹ 10 each fully paid				
Government of India	9,58,51,700	59.50	9,58,51,700	59.50
Naftiran Intertrade Co. Ltd	4,15,16,500	25.77	4,15,16,500	25.77
Public (Collectively)	2,58,09,700	14.73	2,58,09,700	14.73

(₹ Crores)

4 RESERVES AND SURPLUS

Securities Premium Account

Balance as per last financial statement

12.39

12.39

Add: Additions during the period

-

-

Less: Amount utilised

-

-

Closing Balance

12.39

12.39

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

Balance as per last financial statement

(380.72)

(480.76)

Depreciation Adjustment - Refer Note 24(B) (i)

(1.73)

-

Profit / (Loss) for the year

(134.69)

100.04

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

(517.14)

(380.72)

(504.75)

(368.33)

5 LONG TERM BORROWINGS

UNSECURED

GOI Loan - Non Current Portion

196.54

229.22

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

196.54

229.22

6a LONG TERM TRADE PAYABLES

-

-

-

-

6b OTHER LONG TERM LIABILITIES

Advances from Marketers/Dealers

-

-

-

-



MADRAS FERTILIZERS LIMITED

(₹ Crores)		
	March 31, 2015	March 31, 2014
7a LONG TERM PROVISIONS		
Provisions for Employee Benefits		
Retired Medical Benefits	1.10	0.99
Service Awards	0.15	0.28
Gratuity	2.80	8.23
Leave Encashment	12.85	8.53
	<u>16.90</u>	<u>18.03</u>
7b SHORT TERM PROVISIONS		
Provisions for Employee Benefits		
Retired Medical Benefits	0.16	0.16
Gratuity	3.94	2.91
Leave Encashment	2.80	2.55
Service Awards	0.19	0.02
	<u>7.09</u>	<u>5.64</u>
8 SHORT TERM BORROWINGS		
SECURED		
Cash Credit from Banks -	220.06	23.17
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.		
Bills Accepted under L/C :	139.38	212.49
	<u>359.44</u>	<u>235.66</u>
9a SHORT TERM TRADE PAYABLES		
Trade Payables -Secured -Ref Note 24(B)(ix)(x)	138.85	136.98
-UnSecured - Others	125.56	553.08
	<u>264.41</u>	<u>690.06</u>
9b OTHER CURRENT LIABILITIES		
UNSECURED		
GOI Loan - Current Portion		
Principal	357.70	325.02
Interest accrued and due	384.34	329.75
	<u>742.04</u>	<u>654.77</u>
Investor Education and Protection Fund		
Unclaimed Deposits	0.09	0.10
Amount to be transferred to Investor Education and Protection Fund	-	0.00
Interest accrued but not due on loans	15.90	15.55
Micro, Small & Medium Enterprises	0.09	0.11
Other Liabilities	95.67	92.61
	<u>853.79</u>	<u>763.14</u>



MADRAS FERTILIZERS LIMITED

10. TANGIBLE ASSETS

(₹ Crores)

ASSET	GROSS BLOCK AT COST			DEPRECIATION UPTO Mar 31, 2015	NET BLOCK AS ON	
	Mar 31, 2014	Addition	Deduction		Mar 31, 2015	Mar 31, 2014
LAND *	1.82	-	-	1.82	-	1.82
ROAD, BRIDGES AND OTHER FACILITIES	3.56	0.26	-	3.82	1.99	1.83
RAILWAY SIDING **	1.22	-	-	1.22	1.11	0.11
BUILDINGS	14.16	1.22	-	15.38	8.52	6.86
PLANT & MACHINERY	902.04	4.80	0.02	906.82	740.29	166.53
AUTOMOTIVE & SERVICE EQUIPMENT	8.46	0.00	0.03	8.43	6.38	2.05
LAB EQUIPMENT	4.80	0.00	-	4.80	2.79	2.01
OFFICE EQUIPMENT	5.18	0.94	0.01	6.11	4.63	1.48
FURNITURE & FITTINGS	1.66	0.18	0	1.84	1.42	0.42
AIR CONDITIONERS & WATER COOLERS	0.92	0.05	0.00	0.97	0.74	0.23
	943.82	7.45	0.06	951.21	767.87	183.34
CAPITAL WORK-IN- PROGRESS (AT COST)	17.29	7.17	9.77	14.69	-	14.69
DISMANTLED ASSETS +						0.00
						0.99
TOTAL	961.11	14.62	9.83	965.90	767.87	198.03
PREVIOUS YEAR	953.99	13.51	6.39	961.11	748.59	213.51

* Includes

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

(b) ₹ 0.51 Cr being payment made for about 78 grounds of land allotted by Chennai Metropolitan Development Authority, the title for which has not yet been passed to the Company.**

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

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

(c) For Asset wise details of depreciation charged during the year 2014-15, refer note 24(B)(i)



MADRAS FERTILIZERS LIMITED

	(₹ Crores)	
	March 31, 2015	March 31, 2014
11 NON CURRENT INVESTMENTS		
(NON TRADED)		
UNQUOTED EQUITY INSTRUMENTS		
Indian Potash Limited (7,92,000 Equity Shares of ₹ 10 each fully paid-including 3,96,000 Bonus shares)	0.40	0.40
Fortune Bio-Tech Ltd (12,50,000 Shares of ₹ 10 each fully paid)	1.25	1.25
Less: Provision made	1.25	1.25
	-	-
	0.40	0.40
12a LONG TERM LOANS AND ADVANCES		
(Unsecured and considered good unless otherwise stated)		
Secured Loans	0.16	0.25
Deposits with Government Departments and Others	13.99	11.83
Balances with Customs, Port Trust and Excise Authorities	2.94	2.48
	17.09	14.56
12b SHORT TERM LOANS AND ADVANCES		
Advances recoverable in Cash or in kind or for value to be received	5.86	12.64
	5.86	12.64
13a LONG TERM TRADE RECEIVABLES		
Debts due for more than six months	-	-
Considered Good in respect of which Company is fully Secured	-	-
Considered Good in respect of which Company holds no Security other than the debtor's personal security	-	-
	-	-
13b SHORT TERM TRADE RECEIVABLES		
Considered Good in respect of which Company is fully Secured	13.59	0.09
Considered Good in respect of which Company holds no Security other than the debtor's personal security	-	-
Considered Doubtful - Unsecured	4.44	4.46
	18.03	4.55
Less: Provision for Doubtful Debts	4.44	4.46
	13.59	0.09



MADRAS FERTILIZERS LIMITED

	(₹ Crores)	
	March 31, 2015	March 31, 2014
14 INVENTORIES		
(As certified by Management based on technical estimate)		
Raw Materials on hand	37.92	80.31
Work-in-Progress	21.34	37.52
Finished Products		
Manufactured Stock		
Fertilizers	9.44	0.01
Stores and Spares		
On hand	111.97	93.30
In Transit	0.73	3.58
Loose Tools	0.26	0.26
Others		
Catalysts	6.06	6.01
Packing Materials	2.12	2.71
	<u>189.84</u>	<u>223.70</u>
15 CASH AND CASH EQUIVALENTS		
Cash on hand	0.07	0.07
Balances with scheduled banks		
In Current Account	0.79	0.02
In Term Deposit	16.82	22.67
	<u>17.68</u>	<u>22.76</u>
16 OTHER CURRENT ASSETS		
Claims Recoverable - Ref Note 29(d)	914.08	1248.91
Less: Provision made	1.01	1.01
	<u>913.07</u>	<u>1247.90</u>



MADRAS FERTILIZERS LIMITED

	(₹ Crores)	
	2014-15	2013-14
17 GROSS SALES		
Manufactured Products :		
Fertilizers		
Urea	168.73	259.21
Neem Urea	0.53	-
NPK 17-17-17	159.93	90.58
NPK 20-20-0-13	-	-
Biofertilizers	1.14	0.44
Carbon-di-oxide	3.08	3.65
Bought Products :		
Agro Chemicals	1.96	1.94
Organic Manure	4.49	6.26
	<u>339.86</u>	<u>362.08</u>
18 OTHER INCOME		
Dividend	0.20	0.20
Interest from Banks and Others	1.21	0.92
Profit on Sale of Assets	0.04	0.48
Rent	1.31	1.25
Insurance claims	10.14	0.04
Miscellaneous Income	4.65	9.61
	<u>17.55</u>	<u>12.50</u>
19a COST OF MATERIALS CONSUMED		
Raw Materials		
Opening Stock	80.31	112.35
Add: Purchases	967.91	1353.05
	<u>1048.22</u>	<u>1465.40</u>
Less: Closing Stock	37.92	80.31
Total Consumption of Raw materials	<u>1010.30</u>	<u>1385.09</u>
Power, Water & Fuel	479.02	657.33
Stores, Spares & Packing Materials	23.74	39.64
	<u>1513.06</u>	<u>2082.06</u>



MADRAS FERTILIZERS LIMITED

		(₹ Crores)	
		2014-15	2013-14
19b PURCHASE OF STOCK-IN-TRADE			
Agrochemicals		1.33	1.31
Organic Manure		3.88	5.47
		<u>5.21</u>	<u>6.78</u>
20 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE			
Opening Stock			
Finished goods	0.01	15.25	
Work in progress	<u>37.52</u>	<u>81.77</u>	
		37.53	97.02
Less : Closing Stock			
Finished goods	9.44	0.01	
Work in progress	<u>21.34</u>	<u>37.52</u>	
		<u>30.78</u>	<u>37.53</u>
		<u>6.75</u>	<u>59.49</u>
21 EMPLOYEE BENEFIT EXPENSES			
Salaries, Wages and Bonus		67.10	63.12
Contribution to Provident Fund,			
Superannuation and Gratuity		15.60	14.02
Staff Welfare Expenses		<u>10.28</u>	<u>10.79</u>
		<u>92.98</u>	<u>87.93</u>
22 FINANCE COSTS			
Interest on			
Term Loans			
GOI Loan		54.58	54.58
Other Borrowings			
Bank Borrowings		13.39	18.11
Others		15.19	8.53
Cash Discount		<u>0.81</u>	<u>1.57</u>
		<u>83.97</u>	<u>82.79</u>



MADRAS FERTILIZERS LIMITED

	(₹ Crores)	
	2014-15	2013-14
23 OTHER EXPENSES		
Repairs and Maintenance		
Plant and Machinery	34.95	33.97
Buildings	0.57	1.11
Other Assets	0.17	0.41
	<u>35.69</u>	<u>35.49</u>
Transportation and Warehousing		
Transportation and Warehousing	45.42	56.34
Secondary freight	0.52	1.10
Warehouse Rent	2.70	0.44
	<u>48.64</u>	<u>57.88</u>
Payment to Statutory Auditors		
Statutory Audit	0.03	0.03
Tax Audit	0.01	0.01
Certification	0.08	0.09
	<u>0.12</u>	<u>0.13</u>
Volume/Special Rebate	4.11	1.19
Rent	0.41	0.42
Rates and Taxes	1.31	0.62
Insurance	2.57	2.93
Directors' Expenses	0.08	0.07
Agro Services / Information Expenses	0.04	0.07
Advertising and Publicity	0.72	1.40
Provision for Bad and Doubtful debts	(0.02)	(0.01)
Exchange Rate Fluctuation	0.63	0.96
Bank Charges	20.31	14.47
Miscellaneous Expenses	19.92	23.09
	<u>134.53</u>	<u>138.71</u>



24 (A) SIGNIFICANT ACCOUNTING POLICIES

1 GENERAL

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

2 FIXED ASSETS

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

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

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

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

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

3 DEPRECIATION

Depreciation on Tangible Assets is provided for in conformity with the provisions of Schedule II to the Companies Act, 2013 on the basis of Useful life of the Asset by leaving a residual value of 5% in respect of Plant and Machinery, Buildings and Roads & Bridges and ₹1 in respect of other tangible assets.

4 NON CURRENT INVESTMENTS

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

5 EXPENDITURE DURING CONSTRUCTION

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

6 GRANTS

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

7 INVENTORY VALUATION

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



Net realisable value is taken as under :

Phosphatic and Potassic Fertilizers

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

Urea

- Field warehouse inventories: The Least of selling price to Marketers / Dealers including Excise Duty.
 - Inventories in transit : The least of selling price to Marketers / Dealers including Excise Duty plus final / estimated subsidy less estimated warehousing expenses.
 - Inventories at Plant ready for sale : The least of selling price to Marketers / Dealers plus final / estimated subsidy less estimated freight and warehousing expenses.
 - Bulk Urea at Plant : Least of selling price to Marketers / Dealers plus final / estimated subsidy less estimated bagging, freight and warehousing expenses.
- (v) Warehousing expenses have been distributed over sales and closing stock.
- (vi) The Company has adopted FIFO method of valuation for raw materials and packing materials content in the inventory of finished products.
- (vii) Ammonia is valued at cost as the same is captively consumed and not intended for sale.
- (viii) Off-spec products intended for disposal are valued at estimated realizable value.
- (ix) Inventory of traded products are valued at lower of location specific cost or net realizable value. Agrochemicals inventory is valued on FIFO method, which includes purchase cost and other related expenses.
- (x) Inventory of Pesticides manufactured and lying at factory under Loan Licensing Scheme are valued at cost excluding Excise Duty.
- (xi) Goods in Transit / Under Inspection are valued at cost.

8 TRADE RECEIVABLES /LOANS AND ADVANCES

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

9 GROSS SALES

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



10 SUBSIDY

- (i) Urea Subsidy under New Pricing Scheme is accounted on receipt at the warehouses per procedure prescribed by the Government. Credit/Debit for Annual Escalation/De-escalation in input prices is considered based on realistic estimates pending issue of notification by the Government. Adjustments are effected in respect of difference, if any, in the year of receipt.
- (ii) Subsidy for Phosphatic and Potassic fertilizers is accounted in line with the Nutrient Based Subsidy (NBS) policy of the Government. Credit for additional subsidy for using costlier inputs 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.

11 FOREIGN CURRENCY TRANSACTIONS

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

12 EMPLOYEE BENEFIT EXPENSES

(i) Short Term Benefits

Short Term Employee Benefits are accounted on accrual basis.

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

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

(iii) Termination Benefits

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

13 CLAIMS

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



14 PRIOR PERIOD ADJUSTMENTS

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

15 CONTINGENT LIABILITY

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

16 TAXES

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

24 (B) NOTES ON ACCOUNTS

i. DEPRECIATION

Details of Depreciation provided during the year:

	2014-15 (₹)	2013-14 (₹)
Roads, Bridges and other facilities	17,68,047	5,80,128
Railway Siding	1,34,546	78,513
Buildings	37,78,619	34,57,172
Plant and Machinery	15,54,63,564	41,22,86,469
Automotive and Service Equipment	22,14,843	21,68,725
Laboratory Equipment	31,03,463	19,70,439
Office Equipment	88,74,062	31,07,771
Furniture and Fittings	5,25,559	1,41,419
Air Conditioners and Water Coolers	2,56,271	2,65,909
	<u>17,61,18,974</u>	<u>42,40,56,545</u>

- An amount of ₹ 1,72,46,095/- being the depreciation on assets where the remaining useful life is nil is recognized in the opening balance of retained earnings as per schedule II of the Companies Act, 2013.
- Due to the change in accounting policy on depreciation as mandated by the Companies Act, 2013, the current year depreciation has been decreased by an amount of ₹ 25.14 Cr in comparison with old method.

ii. 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 ₹159.17 Cr (Previous year receivable ₹32.99 Cr) has been reckoned as payable to FICC for the year 2014-15 towards annual de-escalation of input prices in line with the Accounting policy – Note 24 (A) 10 (i).

iii. NUTRIENT BASED SUBSIDY (NBS) FOR PHOSPHATIC AND POTASSIC FERTILIZERS

The NBS dues reckoned as receivable from DOF for using costlier inputs is ₹ 23.80 Cr (Previous year ₹20.80Cr) in line with the Accounting policy – Note 24 (A) 10 (ii).

iv. EXCHANGE RATE FLUCTUATION

Exchange rate fluctuation included in other expenses is ₹0.63 Cr(Previous year ₹0.96 Cr)

v. CENTRAL EXCISE 25/70 NOTIFICATION

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



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As the matter is subjudice, no provision is considered necessary in the Books by the Company. However the same is shown under "Contingent Liability".

- vi. As defined under AS - 28 on "Impairment of Assets" a detailed valuation has been done by a reputed Chartered Engineer and Valuer. As per his report, no adjustment towards impairment loss is considered necessary by the Company as on 31.03.2015. Net selling price of the major Plant and Machinery has been assessed against the book value on that date as detailed below:

(₹Cr)

Sl. No.	Plant	As on 31.3.2015		As on 31.3.2014	
		Net selling price	Book Value	Net selling price	Book Value
1	Ammonia	299.72	109.79	278.89	118.20
2	Urea	67.58	30.86	62.30	30.82
3	NPK	11.45	7.10	10.64	7.89
4	Utilities	21.35	14.42	21.35	15.70

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

- vii. The Company has leased out its Bio-fertilizer Plant at Vijayawada, having a written down value of ₹27.96 lacs (Previous year ₹ 28.91 lacs). The depreciation recognized in the books during the year for the above asset is ₹0.95 lacs (previous year ₹1.10 lacs).

The lease rent received during the year is ₹2.35 Lacs (Previous year ₹ 1.33 Lacs) The future lease rent receivable for each of the following periods are:

(₹ Lacs)

		31.03.15	31.03.14
a)	Within 1 year	2.47	2.35
b)	Later than 1 year and not later than 5 years	6.57	9.04
c)	Later than 5 years	NIL	NIL

- viii. 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, 2015 as identified by the Management and relied upon by the Auditors is provided below:

(₹ Cr)

	31.03.15	31.03.14
a) Dues outstanding more than 45 days	0.00	0.00
b) Amount remaining unpaid as at the end of the year		
Principal Amount	0.09	0.11
Interest Amount	0.00	0.00
c) The amount of interest paid in terms of Section 18 along with the amounts of the payment made to the supplier beyond the appointed day during the year	-	-
d) The amount of interest due and payable for the period of delay in making payment		
As per the terms of the Contract	-	-
As specified in the Act	-	-
e) The amount of interest accrued and remaining unpaid at the end of the year	0	0



ix. OTHER DISCLOSURES

- i. Information required under AS 15 (Revised) on "Employee Benefit Expenses" is provided in Annexure – I to this note.
- ii. The amount of borrowing costs capitalised for the year is 'NIL' (Previous year 'NIL' per AS 16 (Borrowing Costs).
- iii. Fertilizer manufacture is the only main business segment and trading operations are less than 10% of the total revenue. Further, the Company is engaged in providing and selling its products in single economic environment in India i.e., there is a single geographical segment. Hence, there is no requirement of segment reporting for the Company as per AS 17 (Segment Reporting).
- iv. During the year, there were no transactions with related parties as defined in AS 18 (Related Party Disclosures). The data relating to key managerial personnel is furnished under note 25.
- v. The Company has not entered into joint venture activities as defined in AS 27. Hence AS 27 on "Financial Reporting of Interest in Joint Ventures" is not applicable to the Company at present.
- vi. The movement of Provisions as required under AS 29 "Provisions, Contingent Liabilities and Contingent Assets" is given below :

	Mar 31, 2015 (₹Cr)	Mar 31, 2014 (₹Cr)
a. Leave Encashment		
Provision at the beginning of the year	11.08	10.23
Provision made during the year	6.38	5.84
Utilisation / Withdrawal during the year	1.82	4.99
Provision at the end of the year	15.64	11.08
b. Retired Medical Benefits		
Provision at the beginning of the year	1.15	1.04
Provision made during the year	0.18	0.19
Utilisation / Withdrawal during the year	0.08	0.08
Provision at the end of the year	1.25	1.15
c. Service Awards		
Provision at the beginning of the year	0.30	0.25
Provision made during the year	0.05	0.05
Utilisation / Withdrawal during the year	-	-
Provision at the end of the year	0.35	0.30
d. Gratuity		
Provision at the beginning of the year	11.14	14.59
Provision made during the year	1.59	0.99
Utilisation / Withdrawal during the year	5.99	4.44
Provision at the end of the year	6.74	11.14
e. Bad and Doubtful Debts		
Provision at the beginning of the year	4.46	4.47
Provision made during the year	-	-
Utilisation / Withdrawal during the year	-	0.01
Provision at the end of the year	4.46	4.46
f. Claims Recoverable		
Provision at the beginning of the year	1.01	1.01
Provision made during the year	-	-
Utilisation / Withdrawal during the year	-	-
Provision at the end of the year	1.01	1.01



MADRAS FERTILIZERS LIMITED

- vii. No provision towards Income Tax liability has been made during the year as the operations resulted in loss and being a Sick Company, the Company is not liable for MAT.
- viii. The draft rehabilitation scheme (DRS) submitted by the Operating Agency to BIFR is presently under the perusal and consideration of GOI. The last hearing of BIFR scheduled on February 12, 2015 stands postponed and the next hearing date is yet to be announced.
- ix. (a) In respect of the verification of movable fixed assets, the outside professional firm of Chartered Accountants have submitted their final report and is under review by the Management with the respective groups which resulted in differences which are insignificant. After detailed reconciliation necessary adjustments if any, required will be made during 2015-16 with due approvals.
- (b) The Company has engaged an outside professional agency to evaluate the effectiveness of its inventory management and their report is awaited as on the date of preparation of Financial Statement. On receipt of their report, necessary adjustments, if any, will be made in the Books of Accounts. As the said exercise was not completed till the date of preparation of the Financial Statements, the effect of the same on the Financial Statements for the year ended March 31, 2015 is not ascertainable.
- x. Included in Short term Trade Payables under 'Note 9a' are:
- a. Dues to CPCL ₹ 90.38 Cr (Previous Year ₹ 93.37 Cr) for which mortgage and First charge on Guindy land is given for ₹100 Cr till the date of sanction of a rehabilitation scheme for the Company.
- b. Dues to IOC ₹ 48.42 Cr (Previous Year ₹ 43.61 Cr) for which First charge on Plant and Machinery is given for ₹50 Cr.
- xi. The Company defaulted repayment of loan principal and interest on GOI loans as detailed below: (₹ Cr)

	Principal	Interest	Total
Revamp Loans	122.30	99.59	221.89
Plan Loans	181.95	261.37	443.32
Non Plan Loans	20.77	23.38	44.15
Total	325.02	384.34	709.36

The same along with ₹ 32.68 Cr due within one year is shown under Note 9b – Other Current Liabilities.

- xii. Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB) has allotted 43.13 acres of land for a lease period of 33 years at kodungaiyur for TTP Plant in the year 1989. The Company surrendered 20.224 acres of surplus land not used for TTP plant, but CMWSSB refused to take back that land and a dispute is pending and the MOU has not been signed till date.



MADRAS FERTILIZERS LIMITED

Annexure-I

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

Defined Contribution Schemes:

The net amounts expended in respect of employer's contribution to the provident fund and superannuation fund during the year, are ₹5.58Cr (Previous year ₹5.46 Cr) and ₹6.26Cr (Previous year ₹6.00 Cr) respectively.

Defined Benefit Schemes:

Funded Scheme:

(₹ Cr)

Net employee benefit Expense	Gratuity	
	2014-15	2013-14
Current Service Cost	0.68	0.72
Interest cost on benefit obligation	2.48	2.50
Expected (return) / loss on plan assets	(1.79)	(1.48)
Net actuarial (gain)/loss recognized in the year	0.26	0.95
Net Benefit Expense	1.63	2.69

Unfunded Schemes:

(₹ Cr)

Net employee benefit Expense	Earned Leave Encashment		Post Retirement Medical Benefits		Service Award	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Current Service Cost	1.47	1.45	0.01	0.01	0.02	0.02
Interest cost on benefit obligation	0.91	0.62	0.10	0.08	0.03	0.02
Net actuarial (gain)/loss recognized in the year	4.00	3.77	0.07	0.10	-	0.01
Net Benefit Expense	6.38	5.84	0.18	0.19	0.05	0.05

Funded Scheme:

(₹ Cr)

Changes in present value of defined benefit obligation	Gratuity	
	2014-15	2013-14
Opening defined benefit obligation	30.99	31.26
Interest cost	2.48	2.50
Current service cost	0.68	0.72
Benefits paid	(3.29)	(4.44)
Net actuarial (gain) / loss on obligation	0.26	0.95
Closing defined benefit obligation	31.12	30.99



MADRAS FERTILIZERS LIMITED

Unfunded Schemes:

(₹ Cr)

Changes in present value of defined benefit obligation	Earned Leave Encashment		Post Retirement Medical Benefits		Service Award	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Opening defined benefit obligation	11.08	10.23	1.15	1.04	0.30	0.25
Interest cost	0.91	0.62	0.10	0.08	0.03	0.02
Current service cost	1.47	1.45	0.01	0.01	0.02	0.02
Benefits paid	(1.82)	(4.99)	(0.08)	(0.08)	-	-
Net actuarial (gain) / loss on obligation	4.00	3.77	0.07	0.10	-	0.01
Closing defined benefit obligation	15.64	11.08	1.25	1.15	0.35	0.30

Funded Scheme:

(₹ Cr)

Change in fair value of plan assets	Gratuity	
	2014-15	2013-14
Opening fair value of plan assets	19.85	16.67
Expected return	1.79	1.48
Contributions	6.03	6.14
Benefits paid	(3.29)	(4.44)
Actuarial gain / (loss)	-	-
Closing fair value of plan assets	24.38	19.85
Investment details	Insurer managed funds- 100%	

Funded Scheme:

(₹ Cr)

Balance Sheet	Gratuity	
	2014-15	2013-14
Defined benefit obligation	31.12	30.99
Fair value of plan assets	24.38	19.85
Plan asset / (liability)	(6.74)	(11.14)

Unfunded Schemes:

(₹ Cr)

Balance Sheet	Earned Leave Encashment		Post Retirement Medical Benefits		Service Award	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Defined benefit obligation	15.64	11.08	1.25	1.15	0.35	0.30
Fair value of plan assets	-	-	-	-	-	-
Plan asset / (liability)	(15.64)	(11.08)	(1.25)	(1.15)	(0.35)	(0.30)



MADRAS FERTILIZERS LIMITED

Funded Scheme:

(₹ Cr)

Actuarial Assumptions	Gratuity	
	2014-15	2013-14
Discount Rate (per annum)	8%	8%
Rate of escalation in salary (per annum)	5%	5%
Mortality table	LIC 94 – 96 rates	
Expected rate of return on plan assets (per annum)	8%	

Unfunded Schemes:

Actuarial Assumptions	Earned Leave Encashment		Post Retirement Medical Benefits		Service Award	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Mortality table (before Retirement)	IALM (2006-08) Ultimate					
Mortality table (after Retirement)	Not Applicable		IALM(2006-08)		Not Applicable	
Discount Rate (per annum)	8%					
Inflation Rate (per annum)	6%					

25. INFORMATION ON REMUNERATION TO DIRECTORS:

(₹ Cr)

	2014-15	2013-14
Salary and Allowances	18,04,725	32,95,923
Contribution to Provident & Other Funds	3,33,388	4,98,968
Other Perquisites	9,31,019	5,81,071
	30,69,132	43,75,962
Loans and Advances	-	-

26. INFORMATION ON GOODS MANUFACTURED AND TRADED:

(a) Installed Capacities:

	2014-15 MT	2013-14 MT
Ammonia	3,46,500	3,46,500
Urea	4,86,750	4,86,750
NPK	8,40,000	8,40,000
Bio fertilizers	400	400

(b) Production:

Ammonia	1,96,894	2,85,925
Urea	3,27,933	4,86,750
Neem Urea	967	-
NPK 17-17-17	74,272	44,860
Bio fertilizers	349	147



MADRAS FERTILIZERS LIMITED

(c) Purchase of Stock in Trade:

	2014-15		2013-14	
	Quantity MT	Amount ₹	Quantity MT	Amount ₹
Agrochemicals	-	1,32,88,393	-	1,30,93,995
Organic Manure	5,433	3,88,28,532	8,898	5,47,21,224
		<u>5,21,16,925</u>		<u>6,78,15,219</u>

(d) Gross Sales:

	Quantity MT	Amount ₹	Quantity MT	Amount ₹
Manufactured Products				
Urea	3,25,532	168,72,65,671	5,00,097	259,20,83,389
Neem Urea	967	52,73,509	-	-
NPK 17-17-17	74,226	159,92,58,660	44,832	90,58,20,179
NPK 20-20-0-13	-	-	-	-
Carbon-di-oxide*	8,060	3,08,30,962	10,198	3,64,71,406
Bio fertilizers	349	1,13,82,356	147	43,92,333
Bought Products				
Agrochemicals	-	1,96,41,450	-	1,94,46,562
Organic Manure	5,433	4,49,54,832	8,898	6,25,95,742
		<u>339,86,07,440</u>		<u>362,08,09,611</u>

* By Product

(e) Stocks:

(i) Opening Stock

(a) Finished Products

Manufactured Products

Urea	-	-	3,698	15,21,79,757
NPK 17-17-17	3	91,201	11	2,81,906
NPK 20-20-0-13	0	8,555	0	8,555
		<u>99,756</u>		<u>15,24,70,218</u>



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(b) Work-in-Progress

	2014-15		2013-14	
	Quantity MT	Amount ₹	Quantity MT	Amount ₹
Manufactured Products				
Ammonia	4,863	30,72,32,183	6,374	35,93,17,486
Urea – bulk	1,537	6,79,90,793	11,510	45,83,75,161
		<u>37,52,22,976</u>		<u>81,76,92,647</u>
(ii) Closing Stock				
(a) Finished Products				
Manufactured Products				
Urea	3,195	9,44,86,028	-	-
NPK 17-17-17	-	-	3	91,201
NPK 20-20-0-13	-	-	0	8,555
		<u>9,44,86,028</u>		<u>99,756</u>
(b) Work-in-Progress				
Manufactured Products				
Ammonia	5196	19,67,35,784	4,863	30,72,32,183
Urea - bulk	601	1,66,34,941	1,537	6,79,90,793
		<u>21,33,70,725</u>		<u>37,52,22,976</u>

(c) Stock Losses - Quantities reckoned in decretion in inventory

	2014-15 MT	2013-14 MT
Urea	142	325
NPK 20-20-0-13	-	-
NPK 17-17-17	46	36

(f) Consumption

	2014-15		2013-14	
(i) Basic Raw Materials	%	Quantity MT	%	Quantity MT
Imported				
Urea		20,485		12,375
Potash		23,594		14,084
Ammonium Sulphate		-		-
Phosphoric Acid		6,584		7,887
Total	13	<u>132,62,16,549</u>	8	<u>109,31,54,159</u>
Indigenous				
Naphtha		1,55,786		2,10,754
Urea		-		-
Ammonia		1,768		-
Phosphoric Acid		6,369		-
Others		-		-
	87	<u>877,67,91,270</u>	92	<u>1275,77,55,816</u>
	100	<u>1010,30,07,819</u>	100	<u>1385,09,09,975</u>



MADRAS FERTILIZERS LIMITED

		2014-15		2013-14
	%	₹	%	₹
(ii) Components and Spares				
Imported	27	5,40,13,888	27	7,02,82,338
Indigenous	73	14,27,72,336	73	18,58,00,859
	100	19,67,86,224	100	25,60,83,197

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

(a) Imports (CIF Value)	2014-15	2013-14
	₹	₹
(i) Raw Materials	88,77,29,535	75,89,58,536
(ii) Components and Spare Parts	15,37,70,656	13,81,72,834
	104,15,00,191	89,71,31,370
(b) Other Expenditure incurred in Foreign Currency		
(i) Books and Periodicals	6,34,619	4,99,510
(ii) Travel (Business, Seminar, Conference etc.)	-	-
	6,34,619	4,99,510

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

	2014-15	2013-14
	₹	₹
(a) Contingent Liabilities in respect of claims against the Company not acknowledged as debts in respect of Income Tax, Excise Duty, Sales Tax and others (Includes Customs Duty on Imported Urea ₹65.86 Cr, Penal Interest on GOI Loans ₹230.83 Cr and interest on delayed payment of Excise Duty ₹ 5.42 Cr).	331,41,18,694	274,82,40,997
(b) L/Cs outstanding (not provided for)	2,40,57,635	13,97,55,664
(c) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (after adjusting advance made therefor)	3,74,59,013	11,20,56,347
(d) ESI Liability (interest) not provided for, based on Court's interim injunction.	61,79,681	62,76,790

29. GENERAL INFORMATION:

- Pending appeal before the Commissioner of Customs (Appeals) against the demand of the Commissioner of Customs amounting to ₹ 65.86 Cr as differential duty including penalty, CESTAT has waived pre-deposit of the duty and penalty on deposit of ₹ 5 lacs, which the Company has complied with.
- Government of India has not so far exercised its right to levy penal interest amounting to ₹ 230.83 Cr (Previous Year ₹181.35 Cr). However, the same is shown under Contingent Liabilities per practice.



MADRAS FERTILIZERS LIMITED

- c. Due to EU and US sanctions on Iran, the insurance companies could not get reinsurance abroad and consequently though the coverage for the year 2015-16 was given for the entire insured value of ₹ 1661 Cr, nevertheless the aggregate annual claim settlement shall be restricted to ₹ 200 Cr. The Company has taken up the issue with Department of Financial Services through Department of Fertilizers and the feedback is awaited. This note is provided per AS-4 (Contingencies and Events occurring after the Balance Sheet date).
- d. During turnaround a minor fire accident occurred in April 2014 which resulted in stoppage of production. The Company preferred a claim with their insurers for the loss and the surveyor assessed the loss at ₹ 10.13 Cr. Based on the surveyor's final assessment, the Company has accounted the said amount under the head Other Income.
- e. As MOU with DOF has been signed by the Company for the financial year 2015-16 indicating financial and operational support by DOF, GOI, in the opinion of the Company, the concept of Going concern has not been affected.
- f. An amount of ₹ 4.39 Cr being VAT on Naphtha charged by CPCL between 7th Jan 2015 and 22nd Feb 2015 has been considered as receivable from Government of Tamil Nadu based on its commitment given to GOI on 31st Dec 2014 willing to forego VAT on Naphtha. This is also confirmed by GOI vide notification dated 7th Jan 2015.
- g. Other Income includes a sum of ₹ 0.58 Cr being the rent receivable from CPCL for the area let out for their LPG pipeline, for which the renewal of agreement is under negotiation.
- h. Confirmation of balances has not been received in respect of Loans from GOI, Trade Receivables / Payables and Loans and Advances.
- i. Figures for the previous year have been regrouped wherever necessary to conform to Current Year's classification.

/For and on behalf of the Board/

Dr. I VIJAYAKUMAR
Chairman and Managing Director

ALIREZA ZAMANI
Director

V MURALIDHARAN
General Manager - Finance & Accounts
and Company Secretary

May 29, 2015

As per our Report of even date

For **B THIAGARAJAN & CO.**
Chartered Accountants
FRN 004371S

CA RAM SRINIVASAN
Partner
M No 220112

May 29, 2015



MADRAS FERTILIZERS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

(₹ Crores)

	2014-15	2013-14
CASH FLOW FROM OPERATING ACTIVITIES		
Profit After Tax from continuing operations	(134.69)	100.04
Profit Before Tax from discontinuing operations	-	-
Profit After Tax and Extra ordinary items	(134.69)	100.04
Non-cash adjustments to reconcile profit before tax to net cash flows		
Depreciation	17.61	42.41
Loss/(profit) from sale of Fixed Asset	(0.04)	(0.48)
Interest Expenses	83.97	82.79
Interest Income	(1.21)	(0.92)
Dividend Income	(0.20)	(0.20)
Operating Profit Before Working Capital Changes	(34.56)	223.64
Movements in working capital		
Increase/(decrease) in Trade Payables	(425.65)	456.55
Increase/(decrease) in Long-term Provisions	(1.13)	(1.50)
Increase/(decrease) in Short-term Provisions	1.45	(0.94)
Increase/(decrease) in other Current Liabilities	35.70	54.64
Increase/(decrease) in other Long-term Liabilities	-	-
Decrease/(Increase) in Trade Receivables	(13.47)	3.64
Decrease/(Increase) in Inventories	33.86	83.75
Decrease/(Increase) in Long-term Loans & Advances	(2.53)	(3.83)
Decrease/(Increase) in Short-term Loans & Advances	6.78	3.37
Decrease/(Increase) in other Current Assets	334.83	(926.48)
Decrease/(Increase) in other non-current Assets	-	-
Cash generated from / (used in) Operations	(64.72)	(107.16)
Direct taxes paid (net of refunds)	-	-
Net Cash Flow from / (used) in Operating Activities (A)	(64.72)	(107.16)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(4.85)	(7.91)
Proceeds from sale of Fixed Assets	1.03	0.72
Interest Received	1.21	0.92
Dividend Received	0.20	0.20
Net Cash Flow from / (used) in Investing Activities (B)	(2.41)	(6.07)

**MADRAS FERTILIZERS LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015 (Contd...)****(₹ Crores)**

	2014-15	2013-14
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	-	-
Proceeds from Long-term borrowings	-	-
Repayment of Long-term borrowings	(32.68)	(32.69)
Proceeds from Short-term borrowings	123.78	191.07
Repayment of Short-term borrowings	-	-
Interest paid	(29.03)	(28.21)
Net Cash Flow from / (used) in Financing Activities (C)	62.07	130.17
Net increase/(decrease) in Cash & Cash Equivalents (A+B+C)	(5.08)	16.94
Cash & Cash Equivalents as at 1st Apr (Opening Balance)	22.76	5.82
Cash & Cash Equivalents as at 31st Mar (Closing Balance)	17.68	22.76
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on Hand	0.07	0.07
With banks:		
on current account	0.79	0.02
on deposit account	16.82	22.67
Total Cash and Cash equivalents	17.68	22.76

/For and on behalf of the Board/

Dr. I VIJAYAKUMAR
Chairman and Managing Director

ALIREZA ZAMANI
Director

V MURALIDHARAN
General Manager - Finance & Accounts
and Company Secretary

May 29, 2015

AUDITORS' REPORT

We have examined the above cash flow statement of M/s Madras Fertilizers Limited for the year ended 31.03.2015. The statement has been prepared by the Company in accordance with the requirements of the listing agreement with the stock exchanges and is based on and derived from the Audited Accounts of the Company for the year ended 31.03.2015.

For **B THIAGARAJAN & CO.**
Chartered Accountants
FRN 004371S

CA RAM SRINIVASAN
Partner
M No 220112

May 29, 2015



MADRAS FERTILIZERS LIMITED

Information to Investors

Dear Shareholders

Dematerialisation of Madras Fertilizers Limited (MFL) Shares

As you may be aware that the shares of MFL are under compulsory dematerialisation (demat) segment of trading as per SEBI directives. This means, MFL shares can be purchased / sold at the Stock Exchanges only in demat form. Shareholders are therefore advised to avail the demat facility.

Dematerialisation

Dematerialisation is the process of converting physical share certificates into electronic form i.e. crediting of equivalent number of shares to your depository account electronically.

Depository Account

For dematerialisation of shares you have to open a depository account with a Depository Participant (DP) having connectivity with National Securities Depository Ltd (NSDL) / Central Depository Services (I) Ltd (CSDL). You are free to open an account with any of the DPs for demat.

Benefits of Dematerialisation

- No risk of loss / misplacement / theft / damage of share certificates
- No risk of bad deliveries
- No stamp duty on transfer of shares
- Faster transfer of shares

Steps involved for Dematerialisation of shares

1. Open a demat account with any of the Depository Participants (DPs)
2. Submit demat request form (DRF) (duly signed by all the holders) along with the share certificates to the DP.
3. Obtain acknowledgement from the DP for having delivered the share certificates
4. Receive a confirmation statement of holding from your DP.
5. PLEASE DO NOT SEND THE SHARE CERTIFICATES / DOCUMENTS FOR DEMAT TO THE COMPANY OR SHARE TRANSFER AGENT OF THE COMPANY

Some of the DP names are furnished under for your reference. You may contact nearest DP in this regard.

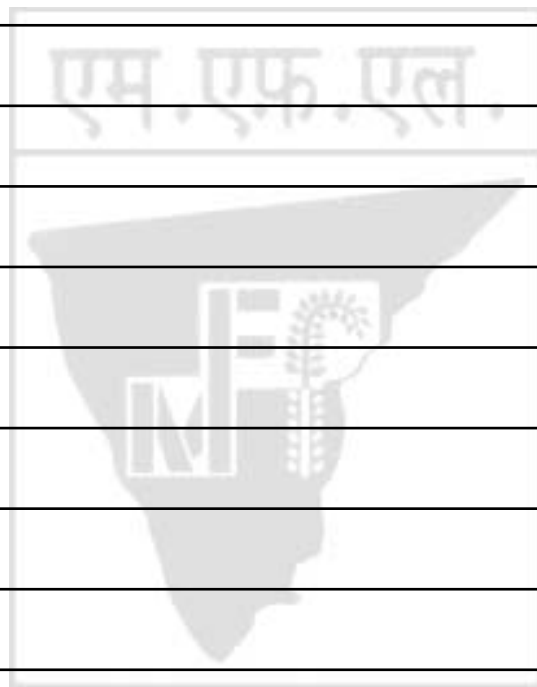
- Appollo Sindhoori Capital Investments Ltd
- Cholamandalam Securities Ltd
- Fortis Securities Ltd
- Geojit Financial Services Ltd
- HDFC Bank Ltd
- ICICI Bank Ltd
- IDBI Bank Ltd
- India Infoline Securities P Ltd
- Indian Bank
- IndusInd Bank Ltd
- Integrated Enterprises India Ltd
- Kotak Securities Ltd
- State Bank of India
- Stock Holding Corporation of India Ltd
- Union Bank of India
- UTI Bank of India
- UTI Securities Ltd

In order to obtain the complete list of DP locations and other related information you may log on www.nsdl.co.in / www.cdslindia.com

In case you need any additional information on this matter, please feel free to contact:

Shri V. Muralidharan
General Manager - Finance & Accounts and Company Secretary
Madras Fertilizers Limited
Manali, Chennai – 600 068
Phone : 044 – 2594 5203
Fax : 044 - 2594 3613
Email : cs@madrasfert.co.in / cosec@madrasfert.co.in

Notes





Madras Fertilizers Limited, Manali Plant

Executives of the Company



SHRI N MURALI KRISHNA, ITS
Chief Vigilance Officer



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



SHRI H GUNASEKARAN
General Manager (Plant)



SHRI T PAUL PREMKUMAR
General Manager (M&D) - Acting



SHRI K M RAJA MANOHARAN
General Manager (P&A) - Acting

MADRAS FERTILIZERS LIMITED

MANALI, CHENNAI - 600068

