

MADRAS FERTILIZERS LIMITED



VIJAY

COMPLEX FERTILIZER

N% - P% - K%
17 - 17 - 17

VIJAY FERTILIZER P(7)17
விஜய உரம் P(7)17
विजय खाद P(7)17

GROSS WT: 50.13 Kg. NET WT: 50 Kg. (WHEN PACKED)

MANUFACTURED BY:

MADRAS FERTILIZERS LIMITED

MANALI, CHENNAI - 600 068

FOR CUSTOMER COMPLAINT: CONTACT PHONE NO: 044-25941285

E MAIL ID: dgmmkt@madrasfert.nic.in

MAXIMUM RETAIL PRICE (INCL. TAXES)

TN ₹ 874.00 AP ₹ 1051.00

KA ₹ 885.00 MA ₹ 950.00

KL ₹ 874.00

VIJAY

VIJAY FERTILIZER

விஜய உரம்

विजय खाद

UREA N-46%

GROSS WT: 50.134 Kg. NET WT: 50 Kg.

MANUFACTURED BY:

MADRAS FERTILIZERS LIMITED

MANALI, CHENNAI - 600 068

FOR CONSUMER COMPLAINT: CONTACT PHONE NO: 044-25941285

QUALITY CERTIFIED E MAIL ID: dgmmkt@madrasfert.nic.in

MAXIMUM RETAIL PRICE (INCLUSIVE OF ALL TAXES)

TAMIL NADU ₹ 270.00

PUDUCHERRY ₹ 275.00

ANDHRA PRADESH ₹ 282.00

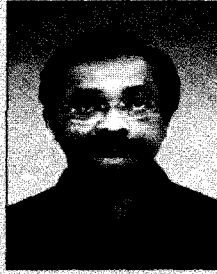
KARNATAKA ₹ 270.00

**47th Annual Report
2012-13**

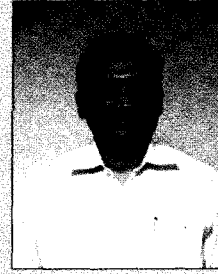
Board of Directors



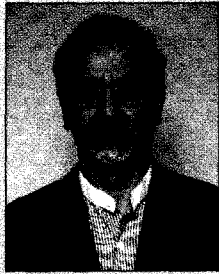
Dr. I VIJAYAKUMAR, IRS
CHAIRMAN AND MANAGING DIRECTOR



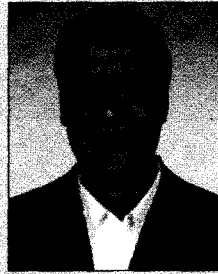
SHRI V. K. SUBBURAJ, IAS
GOI NOMINEE DIRECTOR



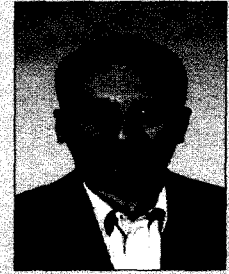
SHRI SATISH CHANDRA, IAS
GOI NOMINEE DIRECTOR



SHRI MOHAMMED HASSAN GHODSI
NICO DIRECTOR



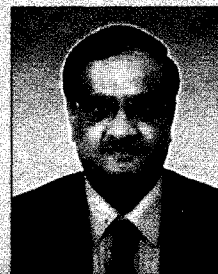
SHRI AHMAD AZMOODEH
NICO DIRECTOR



SHRI MOHAMMAD ALI AHMADI
NICO DIRECTOR



SHRI M SAGAR MATHEWS
DIRECTOR - TECHNICAL



CA. MUKESH MOHAN GUPTA
BIFR NOMINEE DIRECTOR



SHRI N MURALI KRISHNA, ITS
CHIEF VIGILANCE OFFICER



BOARD OF DIRECTORS

Chairman & Managing Director

Dr I Vijayakumar, IRS

Directors

Dr V Rajagopalan, IAS (up to May 01, 2013)

Shri V K Subburaj, IAS (from May 02, 2013)

Shri Satish Chandra, IAS

Shri M Sagar Mathews

Shri Mansoor Rad (up to May 21, 2013)

Shri Mohammad Ali Ahmadi (from May 22, 2013)

Shri Mohammed Hassan Ghodsi

Shri Hashem Pouransari (up to Aug 21, 2012)

Shri Ahmad Azmoodeh (from Aug 22, 2012)

CA Mukesh Mohan Gupta (from June 4, 2013)

Board Sub Committee / Management Committee

Dr I Vijayakumar, IRS

Dr V Rajagopalan, IAS (up to May 01, 2013)

Shri V K Subburaj, IAS (from May 02, 2013)

Shri Satish Chandra, IAS

Shri Hashem Pouransari (up to Aug 21, 2012)

Shri Ahmad Azmoodeh (from Aug 22, 2012)

CA Mukesh Mohan Gupta (from June 4, 2013)

Audit Committee

Dr V Rajagopalan, IAS (up to May 01, 2013)

Shri V K Subburaj, IAS (from May 02, 2013)

Shri Satish Chandra, IAS

Shri Mansoor Rad (up to May 21, 2013)

Shri M H Ghodsi

Shri Mohammad Ali Ahmadi (from May 22, 2013)

CA Mukesh Mohan Gupta (from June 4, 2013)

Shareholders & Investors Grievance Committee

Dr I Vijayakumar, IRS

Shri M Sagar Mathews

Shri Hashem Pouransari (up to Aug 21, 2012)

Shri Ahmad Azmoodeh (from Aug 22, 2013)

CA Mukesh Mohan Gupta (from June 4, 2013)

Executives

Dr I Vijayakumar, IRS
Chairman & Managing Director

Shri M Sagar Mathews
Director - Technical

Shri N Murali Krishna, ITS
Chief Vigilance Officer

Shri D Sundarasekaran
General Manager (Plant)

Shri H Gunasekaran
General Manager (P&A)

Shri George Thomas
General Manager (M&D) - Acting



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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

Regd. Office: Manali, Chennai – 600 068

NOTICE

NOTICE is hereby given that the 47th Annual General Meeting of Madras Fertilizers Limited will be held on Wednesday, September 25 2013 at MFL Training Centre Auditorium, (North Entrance Gate), MFL Plant, Manali, Chennai – 600 068 at 03.00 PM to transact the following businesses:-

ORDINARY BUSINESS

- 1 To receive, consider, approve and adopt the Audited Balance Sheet as at March 31, 2013 and Profit and Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
- 2 To appoint a Director in the place of Shri Satish Chandra, IAS who retires by rotation and is eligible for reappointment.
3. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary resolution:

"RESOLVED THAT the Board / Audit Committee be and is hereby authorized to fix such remuneration as it may decide for the Statutory Auditors to be appointed / reappointed by Comptroller and Auditor General of India for the year 2013-14 and the Statutory Auditors shall hold office from the conclusion of this AGM till the conclusion of the next AGM".

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution

"RESOLVED THAT Shri V K Subburaj, IAS, be and is hereby appointed as Director of the Company"

5. To consider and, if thought fit. Pass with or without modification, the following resolution as a special resolution.

"RESOLVED that pursuant to Section 293(1) (d) of the Companies Act, 1956 and Article 44 of the Articles of Association of the Company, the Board of Directors be and are hereby authorised to borrow, notwithstanding that money to be borrowed and already borrowed by the Company (apart from temporary loans obtained in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and the free reserves, that is to say, reserves not set apart for any specific purpose, if any, but subject

to the conditions that the total borrowings outstanding at any time shall not exceed ₹ 600 Cr (Rupees Six Hundred Crores).

AND FURTHER RESOLVED that Article 44 of the Articles of Association of the Company be and is hereby amended by substituting ₹ 600 Cr (Rupees Six Hundred Crores) in place of ₹ 550 Cr (Rupees Five Hundred and Fifty Crores).

By Order of the Board

Chennai
May 24, 2013

Dr I VIJAYAKUMAR
Chairman & Managing Director

NOTE:

- 1 **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS HIS PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- 2 **THE INSTRUMENT OF PROXIES, IN ORDER TO BE VALID, MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- ONLY PROPERLY REGISTERED PROXIES PER NOTE 2 ABOVE SHALL BE ALLOWED**
- 3 The Register of Members and Share Transfer Books of the Company will remain closed from 19.09.2013 to 25.09.2013 (both days inclusive).
- 4 Members are requested to immediately intimate any change in their addresses registered with the Company.
- 5 All correspondence relating to Company's Equity Shares may be addressed to M/s Integrated Enterprises (India) Ltd, II Floor, Kences Tower, No.1 Ramakrishna Street, T Nagar, Chennai – 600 017, who is Company's Share Transfer Agent and Depository Registry.
- 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.



MADRAS FERTILIZERS LIMITED

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No.4 : Appointment of Shri V K Subburaj, IAS as Director

Shri V K Subburaj, IAS was nominated by the Government of India for appointment as Director in pursuance of Article 99 & 107 read with Article 88 of the Articles of the Association of the Company in place of Dr V Rajagopalan, IAS. Shri V K Subburaj, IAS, was appointed as Director on the Board of the Company by the Board of Directors effective May 2, 2013. As per the provisions of Sec 260 of the Companies Act, 1956 and the Articles of Association of the Company, Shri V K Subburaj, IAS, will hold office only up to the date of Annual General Meeting.

A notice under section 257 of the Companies Act, 1956 has been received from a member proposing the appointment of Shri V K Subburaj as a Director, liable to retire by rotation.

None of the Directors is interested in the resolution, except Shri V K Subburaj as it concerns his appointment.

The Board recommends Passing of the Ordinary Resolution.

Details of Director seeking appointment at the Annual General Meeting

Name of the Director	Shri V K SUBBURAJ, IAS
Date of Birth	05.05.1956
Date of Appointment on the Board	May 2, 2013
List of other Companies in which Directorship held	Fertilizers and Chemicals Travancore Ltd Hindustan Organic Chemicals Ltd
Present Position	Additional Secretary & Financial Advisor, Ministry of Chemicals & Fertilizers, Department of Fertilizers Government of India

Item No.5 : Enhancement of Borrowing Power

As per the existing powers delegated to the Board by the shareholders, the Company can borrow funds upto a maximum of ₹ 550 Cr. The outstanding borrowings as on 31.3.2013 is ₹ 554.25 Cr.

The Company had borrowed Plan and Non-Plan Loans from Government of India (GOI) to meet renewal and replacement of Plant & Machinery to sustain production and for improving energy efficiency. The duration of Plan and Non-Plan Loans are 10 years and 5 years respectively with moratorium of 2 years for Plan Loan. The total amount of Loan sanctioned by GOI and outstanding as on March 31, 2013 is ₹ 554.25 Cr representing Plan Loan of ₹ 411.17 Cr, Non-Plan Loan of ₹ 20.78 Cr and Revamp Loan of ₹ 122.30 Cr.

It is anticipated that GOI may sanction further loans towards capital expenditure including conversion of feed stock from Naphtha to Gas. Hence the amount of ₹ 550 Cr per Article 44 has to be enhanced to ₹ 600 Cr to cater to the future needs.

Hence, approval of the Shareholders is being sought for increasing the Borrowing Power of the Company from the existing limit of ₹ 550 Cr to ₹ 600 Cr.

None of the Directors is interested in the Resolution.

Chennai
May 24, 2013

By Order of the Board
Dr I VIJAYAKUMAR
Chairman & Managing Director



DIRECTORS' REPORT

The Shareholders

Madras Fertilizers Limited

Your Directors have pleasure in presenting herewith the 47th Annual Report together with the Balance Sheet as on March 31, 2013 and the Profit & Loss Statement for the year 2012-13.

SUMMARY OF FINANCIAL RESULTS

	(₹ Cr)	
	2012-13	2011-12
Turnover	2346.29	2207.77
Profit Before Interest, Depreciation, DRE and Tax	139.78	211.02
Interest	73.61	60.00
Depreciation	41.73	40.34
Extraordinary items (OTS benefit)	-	1.31
Profit / (Loss) Before Tax	24.44	111.99
Provision for Tax	-	-
Profit / (Loss) After Tax	24.44	111.99
Cash Profit / (Loss)	66.17	152.33

The Company's operations for the year ended with a profit of ₹ 24.44 Cr (Previous Year ₹ 111.99 Cr). The total accumulated loss as of 31.3.2013 was ₹ 480.76 Cr (Previous year ₹ 505.20 Cr)

SICKNESS AND REVIVAL

In continuation of the last year Annual Report,

- i) A fully tied up Draft Rehabilitation Scheme was submitted to DoF and BIFR.
- ii) Further hearings took place on 27.08.2012, 05.12.2012, 26.02.2013, and 01.07.2013.
- iii) Inter-ministerial comments have been received
- iv) DoF is in the process of submitting a final proposal to BRPSE and then move to Cabinet depending on BRPSE recommendations.
- v) First Charge in favour of SBI in lieu of the existing second charge on all immovable properties at Manali was approved by BIFR.

The next hearing is fixed on 18.09.2013.

REASONS FOR SICKNESS

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

Thereafter, the Company's operations became profitable due to amendments in policies and increased quantum of Plan loans to maintain the Plants adequately. Once the Draft Rehabilitation Scheme is approved and implemented, the Company shall come out of sickness.

DIVIDEND

Company could not pay dividend to the shareholders due to huge accumulated losses and negative networth as on March 31, 2013.

PLANT PERFORMANCE

During 2012-13, Urea production was 4,35,771 MT (89.5% capacity) with an annual specific energy consumption of 7.822 Gcal/MT. Main reason for the lower production and a higher energy consumption is that there were two Turnarounds (TAR) viz., Apr-May 2012 and Feb- Mar 2013. During these months, exhaustive maintenance jobs were carried out to improve Productivity, Energy Efficiency & to address Pollution Control related aspects. The second Turnaround during the end of the year was in fact an advancement of the planned shutdown during Apr 2013 (FY 2013-14) under forced circumstances – unexpected equipment problem with potential for environment related issues. Plant has started reaping the benefits out of the maintenance jobs carried out during the advanced shutdown on startup from the last week of Mar 2013.

With respect to Complex Fertilizers, MFL produced 1,00,125 MT of NPK 17:17:17 during 2012-13 registering an increase of 179% over the previous year production.

Salient Features of Plant during 2012-13

- During Annual Turnaround 2012, Ammonia Converter S 200 Catalyst along with Basket was renewed after 21 years of service, which was a major achievement.
- **Continuous Ambient Air Quality Monitoring Station (CAAQMS)**

MFL installed one CAAQMS on 17th May 2012. The parameters analyzed are SO₂, NO_x, PM -10, PM-2.5,



O3 and CO. This is a statutory requirement stipulated by TNPCBd.

• **Demineralization Plant (DM)**

The New DM Plant's, operating system has been switched over to Distributed Control System (DCS) as in Ammonia and Urea Plants. on 17th May 2012

- Urea production exceeded the day's installed capacity on 225 days during the year.
- **Turnaround during 2013**

Refrigeration Compressor HP Case Seal leak and tube leaks in Inter-stage Coolers of Syngas Compressor and Process Air Compressor and deterioration of Cooling Water system were attended to.

Statutory Annual Inspection of Boilers were carried out in Feb 2013 availing the shutdown opportunity.

Post-Turnaround Performance

- The lowest specific energy consumption was 9.364 Gcal/MT Ammonia (Design: 9.461 Gcal) & 6.818 Gcal/MT Urea (Derived design: 7.004 Gcal) on Mar 31, 2013, the average being 9.433 Gcal/MT & 6.882 Gcal/MT respectively during Mar 26-31, 2013.

GAS CONVERSION

MFL Ammonia Plant was revamped in 1997 and during that time itself, the Plant was designed to be gas compatible with minor modifications in the Front end of the Ammonia Plant.

Feasibility Report and Basic Engineering Design Package (BEDP) has been completed by M/s. HTAS, Denmark. Project is being executed through PDIL (Engineering Consultant) and is expected to be completed in Jan 2014, subject to delivery of equipment at site. Major equipment enquiry has been floated by M/s PDIL and offers were received from the Vendors and Technical Evaluation is in progress. The Tie-in points were identified by PDIL & MFL.

It is proposed to take up Shut down of Ammonia plant during January 2014 for execution of the project and commencement of trial production is expected in February 2014.

MARKETING PERFORMANCE

Fertilizer Sales

Company has sold 5.26 lakh MT of fertilizers during the year (previous year 5.33 lakh MT) Considering the adverse

seasonal conditions throughout South India, this achievement is commendable taking into consideration of competitors sales. The market share of Urea is maintained at 9% in South India.

Efforts for streamlining logistics operations on cost effective basis continued this year also and 93% of the products were directly delivered to the dealers.

Cash sales were 96.5% of total sales and 99.8% of the cheques got realised within seven days. During this year also, there were no bad debts.

Agrochemicals, Biofertilizers & Organic Manure

₹ 1.46 Cr environment friendly neem based Agrochemicals were traded during the year (previous year ₹ 1.81 Cr).

The Company sold 378 MT of Bio-fertilizers during the year (Previous year 481 MT).

The Company also sold 3,827 MT of Organic Manure during the year (Previous year 3,630 MT).

MARKET DEVELOPMENT & AGRO-SERVICE PROGRAMS

Marketing Department contacted 35,514 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 pesticides.

As a service to farming community, the Company has collected 5,501 soil samples, analysed and sent the micro & macro nutrient recommendations for various crops to the farmers during the year.

Collection of Old Dues

An amount of ₹ 30.90 lakhs has been collected from old dishonour cases and the Company is taking all out efforts to optimise the collection.

PUBLIC DEPOSIT

There are no Public Deposits with the Company.

ISO 9001 / 14001

Second Surveillance Audit on Quality Management System (ISO 9001:2008) was conducted during Nov 7-8, 2012 and continuance of certification has been approved by External Agency.

First Surveillance Audit on Environment Management System (ISO 14001:2004) for which the audit was conducted during Jun



20-21, 2012 and continuance of certification has been approved by External Agency.

MEMORANDUM OF UNDERSTANDING

The Company entered into MOU with Department of Fertilizers (DOF), Government of India for the year 2013-14 on **March 21, 2013** setting up targets for performance of the Company in terms of production, sales and other parameters.

VIGILANCE

- Complaints received were attended and reports submitted as per Complaints Handling Policy of the Company / CVC guidelines.
- All disciplinary proceedings in respect of vigilance cases have been completed.
- Property Returns of Officers were scrutinized as per CVC guidelines.
- Rotation of Officers in sensitive posts effected as per CVC guidelines.
- Dishonour of cheques by dealers and collections thereon were monitored periodically to prevent losses to the Company.
- CVC guidelines on tenders and disciplinary proceedings and other matters as and when received, were communicated to Management for necessary action.
- System improvements for preventing losses were suggested to the Management for implementation, contributing to the Company's revenues
- As part of Leveraging technology, MFL has already implemented the e-Payment system by making all payments thru Electronic Clearing System (ECS). Effective January 2013, MFL has introduced the e-Receipt system for all Receipts from Dealers and Marketers. MFL has also commenced e-Procurement and e-Sale operations. A separate sub-menu has been created for Vigilance in MFL website wherein the contact details of all the Vigilance officials have been incorporated for registering complaints.
- Vigilance Awareness Week - with the theme of 'Transparency in Public Procurement' - was observed during Oct/Nov 2012. As part of this, Vigilance arranged a guest lecture on Preventive Vigilance by Shri. N. Sankaran, IRS, Commissioner of Income Tax, Chennai, to line Managers of MFL. Chief Vigilance Officer had an interactive session with the top executives on all Vigilance related matters.

- As advised by DPE on 'Corporate Governance', a Fraud Prevention Policy has been formulated by Vigilance Department and the same has been duly approved by the Board of Directors and notified by MFL on 12.09.2012.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Manpower & Training

The total strength of MFL as on 31.03.2013 is 773 as against 733 during the previous year end. 250 employees have been trained on behavioral & technical subjects to derive enduring benefit.

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 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.

Recasting of post based rosters is being done by a consultant from Integrated Training and Policy Research, New Delhi for Direct Recruitment and Promotions carried out by the Company since July 2, 1997. Report on the Recasting of rosters has been submitted by the Committee and the implementation is under progress.

Lumpsum contribution of ₹ 30,000 per year for celebration of Dr Ambedkar's Jayanthi was approved. An amount of ₹1.57 lakhs was spent for repairing and maintenance of potable water pipelines from MFL to Harikrishnapuram, a neighbourhood village in Manali, Tamilnadu.

CORPORATE SOCIAL RESPONSIBILITY

Serving the interests of Society by taking responsibility is an integral job of MFL and the Company provided two Computers to Thiruvottiyur Municipality High School and three Computers to Panchayat Union Primary School during the year.



MADRAS FERTILIZERS LIMITED

INVESTOR RELATIONS CELL (IRC)

IRC is functioning in the Company under the Chief Financial Officer, ED-F 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 V K Subburaj, IAS, Additional Secretary and Financial Advisor, DOF in place of Dr V Rajagopalan, IAS, on the Board of the Company effective May 02, 2013.

The Board placed on record the valuable and outstanding contribution made by the outgoing Director Dr V Rajagopalan, IAS during his tenure as Director on the Board for the substantial and sustainable development of the Company

AUDITORS

The Government of India have appointed M/s B Thiagarajan & Co., Chartered Accountants, Chennai as Statutory Auditors of the Company for the year 2012-13.

STATUTORY INFORMATION

No employee was in receipt of remuneration for any part of the year at a rate which is more than ₹ 5 lacs per month as provided under Section 217 (2A) of the Companies Act, 1956.

The data on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956 are given in the Annexure-I forming part of this report.

Directors' Responsibility Statement as required under Section 217 (2AA) of the Companies Act, 1956 is furnished in Annexure-II forming part of this report.

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

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.

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.

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

Chennai
July 29, 2013

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 2012-13	Previous Year 2011-12	
A. Power and fuel consumption			
1. Electricity			
(a) Purchased			
Unit (lakhs) *	1007.896	1012.461	
Total amount (₹ in lakhs)	6838.738	5077.795	
Rate / unit (₹)	6.79	5.02	
* Includes power consumed at TTP, Kodungaiyur			
(b) Own generation			
(i) Through diesel generator			
Units (lakhs)	31.607	86.2880	
Diesel Consumption (KL)	946.060	2585.960	
Units per ltr. of diesel oil	3.161	3.337	
Cost/unit (₹)	14.74	12.84	
2. Coal	Not applicable	Not applicable	
3. Furnace oil & LSHS			
Quantity (tonnes)	108783	113985	
Total cost (₹ in lakhs)	53338.708	51308.154	
Average rate (₹ per tonne)	49032.21	45012.92	
4. Others/generation:	Nil	Nil	
B. Consumption per unit of production			
	FICC Norm	2012-13	2011-12
(a) Product : Ammonia			
Electricity (KWH) *	115.000	103.655	102.175
Fuel oil + LSHS (MT)	0.2341	0.2340	0.2133
Naphtha (MT)	0.7829	0.7896	0.7617
* includes own generation			
(b) Product: Urea			
Electricity (KWH)	202.000	154.215	161.385
Fuel oil + LSHS (MT)	0.1309	0.1066	0.1089
(c) Product: NPK			
Electricity (KWH)	43.410	65.452	66.407
Fuel oil + LSHS (MT)	0.0069	0.0094	0.0149



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
A. Capital	
B. Recurring (in lacs)	
C. Total (in lacs)	
D. Total R&D expenditure as a percentage of total turnover	

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

	2012-13
1. Activities relating to export	NIL
2. Total Foreign Exchange used	(₹ Cr)
a) Raw Materials	197.17
b) Components & Spare Parts	19.03
c) Books & Periodicals / Travel	0.04
	<hr/>
Total	216.24
	<hr/>
3. Total Foreign Exchange earned	NIL



DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed

- that in the preparation of the annual accounts for the financial year ended March 31, 2013, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- that the Board had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 or loss of the Company for that period.
- that the Board had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that the Board had prepared the annual accounts on a Going Concern basis.



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 and Marketing Bio-fertilizers and eco-friendly Agro Chemicals under the brand name "VIJAY".

Introduction

During the year 2012-13, scanty and sporadic rainfall was received in the marketing territory. All the reservoirs were half empty due to insufficient receipt of water from the catchment areas. The crop coverage was only 78% of normal in all the southern states of Company's marketing territory. The consumption of Urea and complex fertilizers also have come down when compared to last year due to adverse seasonal conditions and to certain extent the high cost of phosphatic fertilizers also due to soaring price of raw materials in the International Market.

Fertilizer Sector

The consumption of DAP and MOP have drastically come down because of huge escalation of cost compared to last year and also because of non-release of water from the reservoirs on due date in delta area consequent to minimum storage added to huge inventory of non-nitrogenous fertilizers in South India. Further, this has affected food grains productivity during the year.

Since Urea is sold under Government Administered price, the Urea manufacturers especially those who are using Naphtha as feedstock for Ammonia / Urea production facing liquidity problems due to the high cost of crude oil in the International market and the Government also maintaining the increased level of subsidy which is not conforming to the escalation cost of petroleum products / transport subsidy and Government has given forward planning direction to convert naphtha into Natural Gas as feedstock at the earliest to reduce the subsidy burden and to increase the profit.

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.

The subsidy element is being regulated by the Department of Fertilizers through mFMS for which Dealer Training Programmes were organised by the Marketing Field Personnel at District level to get acquaintance with the Government procedure for obtaining receipt based subsidy by the manufacturers.

Global Scenario

The prices of all major fertilizers are slashed down in the international market but for NPK which is almost maintained.

Production of NPK

Consequent to notification of additional compensation for complex fertilizers produced by using 'N' through captive ammonia based on Naphtha under NBS Policy, Company started production of complex fertilizers from October 2011 and the Company has switched over to production of 17-17-17. Since additional subsidy on 'N' is for a maximum period of two years effective April 1, 2010, and this has been extended till Jun.2013 for FACT (a Fertilizer PSU similar to MFL), the Company has requested Govt for similar consideration. MFL has also requested to extend this benefit till completion of gas conversion. Decision on the subject is expected shortly.

**MADRAS FERTILIZERS LIMITED****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 2011-12 and 2012-13 are given below:

(Lakh MT)

PRODUCT	UREA		DAP		NPK		MOP	
	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13
PRODUCTION	219.89	225.77	39.62	36.47	77.70	61.84	NIL	NIL
IMPORTS	77.92	80.45	69.05	57.00	36.72	4.04	39.85	24.40
CONSUMPTION	294.77	301.58	107.87	91.27	109.14	72.74	29.92	21.30
STOCK	3.90	5.50	2.91	3.84	10.30	2.37	1.70	0.72

MFL PRODUCTION OF UREA /NP/NPK FERTILIZERS

(Lakh MT)

YEAR	2009-10	2010-11	2011-12	2012-13
UREA PRODUCTION	4.36	4.79	4.87	4.36
NP/NPK PRODUCTION	-	-	0.36	1.00

PRODUCTION OF VIJAY BIO FERTILIZERS

(MT)

YEAR	2008-09	2009-10	2010-11	2011-12	2012-13
QUANTITY	461.69	436.87	452.64	480.65	377.51

ALL INDIA DEMAND FORECAST FOR FERTILIZER NUTRIENTS 2013-14 TO 2015-16

(Lakh MT)

PERIOD	N	P	K	Total	Ratio (NPK)
2013-14	186	88	49	323	3.79:1.79:1
2014-15	193	92	52	337	3.71:1.77:1
2015-16	199	96	55	350	3.62:1.75:1

ALL INDIA PRODUCT-WISE DEMAND FORECAST FOR 2013-14 TO 2015-16

(Lakh MT)

PERIOD	UREA	DAP	SSP	MOP	COMPLEX FERTILIZERS
2013-14	326	121	40	57	104
2014-15	338	126	41	61	109
2015-16	348	131	43	64	114

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



FEEDSTOCK SCENARIO

MFL's request for allocation of Natural Gas has been forwarded by Department of Fertilizers to Ministry of Petroleum & Natural Gas vide their letter No.12012/24/2006-FFP dt. 11.06.2010.

Considering reduction in production of Gas from KG-D6 field, Company is exploring the possibilities of getting R-LNG at MFL battery limit. In this regard, following options are being examined:

1. Sourcing R-LNG from Ennore Terminal (20 KM from MFL) expected to be commissioned in 1st quarter of 2016 and till that time examine the feasibility of receiving Naphtha at discounted price which may be equal to gas price
2. Sourcing R-LNG from PLL, Kochi, using 305 KM spur line to be laid by GAIL from Krishnagiri on Kochi-Mangalore-Bangalore trunk pipeline
3. During the intermediate period, till gas pipeline is made operational, source 75% of gas requirement from Krishnapatnam through M/s LNG Bharat Private Limited (LNGBPL) in cryogenic Road Tankers and use minimum 25% Naphtha since facilities for only ½ day storage would be provided by LNGBPL

After firming up the gas supplier, MFL has to enter into Gas Transportation Agreement (GTA) and Gas Sales Agreement (GSA) with MFL Board approval.

PRICING POLICY FOR UREA

A New Pricing Scheme (NPS) for Urea units took effect in the place of Retention Pricing Scheme from 1.4.2003 and implemented in Stages. Stage I, II & III were implemented from 1.4.2003 to 31.3.2004, 1.4.2004 to 30.9.2006 & 1.10.2006 respectively. Amendment to NPS-III was made effective from April 1, 2009 to restrict the reduction in fixed cost to 10%. The tenure of NPS-III policy which was upto March 31, 2011 has been extended provisionally till further orders. Now the Policy beyond NPS III is under consideration of Government.

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, 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' & 'S' for 2012-13 & 2013-14 is given below:

Sl.No.	Nutrients	2012-13	2013-14
1	N	24.000	20.875
2	P	21.804	18.679
3	K	24.000	18.833
4	S	1.677	1.677

Accordingly, NBS was finalized for different P&K fertilizers and additional subsidy was given for fortified fertilizers with secondary & micro-nutrients like Sulphur, Boron & Zinc.

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.



Auditors Report on Corporate Governance

To

The Members of Madras Fertilizers Limited,

We have examined the compliance of conditions of Corporate Governance by Madras Fertilizers Limited for the year ended 31st March 2013, 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

CA B THIAGARAJAN
Partner
M No. 018270

Chennai
July 19, 2013

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 2012-13.

Chennai
July 19, 2013

Dr I VIJAYAKUMAR
Chairman & Managing Director



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 Nafiran 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.

Meetings

Five meetings of Board of Directors were held during the year Apr 2012 – March 2013. The dates of the Board Meetings are:

15.05.12	30.07.12	12.09.12	09.11.12	13.02.13
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Management Committee

Management Committee comprises Shri V K Subburaj, Shri Satish Chandra and Shri Ahmad Azmoodeh. This Committee meets to consider any urgent matter and to review the Company's operations.

Directors' attendance at the Board Meetings held during the year 2012-13 and at the last AGM on 12.09.2012 are as under:

Director	Category	No. of other Directorships	No. of Board Meeting Attended	Attendance at the last AGM	No. of Board Committees of other Companies As Chairman	No. of Board Committees of other Companies As Member
Dr I Vijayakumar (Since May 11, 2012)	CMD	2	5	Yes	-	-
Shri Satish Chandra (Upto May 10, 2012)	CMD / Non-Executive Director	5	4	Yes	-	-
Shri M Sagar Mathews	Executive Director	-	5	Yes	-	-
Dr V Rajagopalan	Non-Executive Director	6	3	-	2	-
Shri Mansoor Rad	Non-Executive Director	1	3	Yes	-	1
Shri M H Ghodsi	Non-Executive Director	1	3	Yes	-	-
Shri H Pouransari (Upto Aug 21, 2012)	Non-Executive Director	-	1	-	-	-
Shri Ahmad Azmoodeh (From Aug 22, 2012)	Non-Executive Director	-	1	-	-	-

**Audit Committee**

Four Audit Committee meetings were held during the financial year 2012-2013 and the dates of the Audit Committee Meetings are:

15.05.2012	30.07.2012	09.11.2012	13.02.2013
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Name of the Audit Committee Members	Status	No of Meetings Attended
Dr V Rajagopalan	Chairman	3
Shri Satish Chandra	Member	3
Shri Mansoor Rad	Member	1
Shri M H Ghodsi	Member	2

Remuneration Committee

Being a Central Public Sector Undertaking, the Managerial Remunerations for the executives are fixed by the Government of India. Hence, the constitution of remuneration committee does not arise.

Details of Remuneration to the Directors

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 CMD and the Director (Technical) is ₹ 42,75,686.

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

Shareholders' / Investors' Grievance Committee

Investors' Grievance Committee meetings were held on July 30, 2012 and November 09, 2012. The Committee comprises Dr I Vijayakumar, CMD, Shri M Sagar Mathews and Shri Ahmad Azmoodeh as members. The scope and function of the Committee is per provisions of the Listing Agreement.

Name of the Director	Status	No of Meetings attended
Dr I Vijayakumar	Chairman	2
M Sagar Mathews	Member	2
H Pouransari (upto Aug 21, 2012)	Member	1
Ahmad Azmoodeh (from Aug 22, 2012)	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 M Sagar Mathews, Director – Technical and Shri K Lakshminarayana Rao, Executive Director (Finance).

During the year, 16 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 39 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, 2013.

Compliance Officer: As the Company Secretary retired from his services on June 30, 2013, Dr I Vijayakumar, IRS, Chairman & Managing Director took over as Compliance Officer effective July 10, 2013, till a new Company Secretary is appointed.

**General Body Meetings**

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

Year	Venue	Date	Time
2011-12	MFL Training Centre Auditorium (North Gate Entrance) MFL Plant, Manali, Chennai – 600 068	12/09/2012 (Wednesday)	03.00 P.M.
2010-2011	MFL Training Centre Auditorium (North Gate Entrance) MFL Plant, Manali, Chennai – 600 068	13/09/2011 (Tuesday)	2.30 P.M.
2009-2010	MFL Training Centre Auditorium (North Gate Entrance) MFL Plant, Manali, Chennai – 600 068	07/09/2010 (Tuesday)	2.30 P.M.

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

Disclosures

There were no significant related party transactions or transactions of material nature with the promoters, directors, management or relatives which may have potential conflict with the interests of the Company.

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 25, 2013
Time : 03.00 P.M
Venue : MFL Training Centre Auditorium
(North Gate Entrance)
MFL Plant, Manali,
Chennai – 600 068

Financial Year : April 2012 – March 2013

Book Closure Date : 19-09-2013 to 25-09-2013

Dividend Payment : Nil

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



MADRAS FERTILIZERS LIMITED

Listing on Stock Exchanges:

National Stock Exchange of India Ltd

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

Stock Code / Symbol :

National Stock Exchange of India Ltd : MADRASFERT

High / Low share prices during the year April 1, 2012 to March 31, 2013.

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 2012	21.50	18.80	5378.75	5154.30	754895	154.68
May	21.85	18.10	5279.60	4788.95	802340	158.69
Jun	20.45	18.55	5286.25	4770.35	405099	79.19
Jul	20.75	17.40	5348.55	5032.40	1403101	269.03
Aug	19.00	15.10	5448.60	5164.65	839379	142.34
Sep	20.80	15.15	5735.15	5217.65	1093771	206.09
Oct	20.40	16.40	5815.35	4888.20	837964	157.54
Nov	18.50	16.60	5885.25	5548.35	535749	94.12
Dec	18.65	15.05	5965.15	5823.15	1680336	287.37
Jan 2013	17.90	15.25	6111.80	5940.60	777102	129.00
Feb	15.90	12.15	6052.95	5671.90	1103587	155.24
Mar	13.35	10.90	5971.20	5604.85	698862	84.91

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 : corpserv@integratedindia.in

Dematerialisation of Shares:

MFL has connectivity with both NSDL and CDSL

ISIN No : INE 414A01015

156687976 equity shares (representing 97.26% of total shares) have been dematerialized as of March 31, 2013. In terms of number of shareholders, 61.69% of shareholders have dematted their shares.



MADRAS FERTILIZERS LIMITED

Distribution of Shareholding:

The distribution of shareholding as on March 31, 2013 is as follows:

DISTRIBUTION SCHEDULE AS ON 31-03-2013

Dist	PHYSICAL			NSDL			CDSL			TOTAL		
	Count	SHARES	%	Count	SHARES	%	Count	SHARES	%	Count	SHARES	%
Up to 500	6732	1904824	1.18	7288	1580764	0.98	2862	553259	0.34	16882	4038847	2.51
501 - 1000	1861	1816900	1.13	1743	1621340	1.01	523	477422	0.30	4127	3915662	2.43
1001 - 2000	210	380500	0.24	649	1076872	0.67	205	335901	0.21	1064	1793273	1.11
2001 - 3000	38	107500	0.07	197	530062	0.33	103	279150	0.17	338	916712	0.57
3001 - 4000	6	21100	0.01	90	332373	0.21	37	133720	0.08	133	487193	0.30
4001 - 5000	17	84900	0.05	112	545886	0.34	55	267215	0.17	184	898001	0.56
5001 - 10000	11	97600	0.06	155	1217766	0.76	58	467018	0.29	224	1782384	1.11
Above 10000				157	144319644	89.58	59	2949584	1.83	216	147269228	91.41
Grand Total	8875	4413324	2.74	10391	151224707	93.87	3902	5463269	3.39	23168	161101300	100.00

CATEGORY OF SHAREHOLDERS AS ON MARCH 31, 2013 IS AS FOLLOWS:

SNo.	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	4	0.02	254050	0.16	17	0.07	288650	0.18
2	BODIES CORPORATE	81	0.35	148001	0.09	304	1.31	2323141	1.44	385	1.66	2471142	1.53
3	CLEARING MEMBER	Nil	Nil	Nil	Nil	62	0.27	775483	0.48	62	0.27	775483	0.48
4	GOVERNMENT/PROMOTERS	Nil	Nil	Nil	Nil	1	0.00	95851700	59.50	1	0.00	95851700	59.50
5	EMPLOYEES	89	0.38	75600	0.05	127	0.55	101443	0.06	216	0.93	177043	0.11
6	MUTUAL FUND	1	0.00	2400	0.00	Nil	Nil	Nil	Nil	1	0.00	2400	0.00
7	N R I	Nil	Nil	Nil	Nil	81	0.35	444186	0.28	81	0.35	444186	0.28
8	FOREIGN PROMOTERS	Nil	Nil	Nil	Nil	1	0.00	41516500	25.77	1	0.00	41516500	25.77
9	RESIDENT INDIAN	8691	37.51	4152723	2.58	13712	59.19	15411473	9.57	22403	96.70	19564196	12.14
10	TRUST	Nil	Nil	Nil	Nil	1	0.00	10000	0.01	1	0.00	10000	0.01
	TOTAL	8875	38.31	4413324	2.74	14293	61.69	156687976	97.26	23168	100.00	161101300	100.00



MADRAS FERTILIZERS LIMITED

MODEWISE SHAREHOLDINGS AS ON 31-03-2013

MODE	COUNT	SHARES	%
PHYSICAL	8875	4413324	2.74
NSDL	10391	151224707	93.87
CDSL	3902	5463269	3.39
GRAND TOTAL	23168	161101300	100.00

CATEGORY	COUNT	SHARES	%
G O I	1	95851700	59.50
NAFTIRAN INTER TRADE COMPANY LTD	1	41516500	25.77
OTHERS	23166	23733100	14.73
GRAND TOTAL	23168	161101300	100.00

Plant Location : Manali, Chennai 600 068

The Address for correspondence is

General Manager (Personnel & Administration)

Madras Fertilizers Limited

Manali, Chennai 600 068

Tel : 44 - 2594 5203

Dir : 44 - 2594 2281

Fax : 2594 3613

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



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF MADRAS FERTILIZERS LIMITED, MANALI FOR THE YEAR ENDED 31ST MARCH 2013

The preparation of the financial statements of **Madras Fertilizers Limited, Manali** for the year ended 31st March 2013 in accordance with the financial reporting frame work prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated **24.05.2013**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619 (3) (b) of the Companies Act, 1956 of the financial statements of **Madras Fertilizers Limited, Manali**, for the year ended 31st March 2013. 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 the Statutory Auditor's Report under Section 619(4) of the Companies Act, 1956.

(M V RAJESWARI)
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
AND EX-OFFICIO MEMBER AUDIT BOARD, CHENNAI

Chennai
August 14, 2013

**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 2012-13	THE COMPANY'S REPLIES UNDER SECTION 217 (3) OF THE COMPANIES ACT, 1956
7 In our opinion, the following amounts included in claims recoverable (forming part of Note 16 - Other Current Assets) should be charged off to Profit and Loss Statement i. ₹ 28.93 lakhs under Price Concession Scheme ii. ₹ 0.70 lakhs due from Customs Department (m.v. Pan Queen)	i. These are old claims, nevertheless legitimate. Hence retained in Books. ii. The Claim is tenable and under the consideration of Customs Department. Hence retained in Books. Accordingly, charging the above amounts to Statement of Profit and Loss is not considered necessary. A final decision on these issues shall be taken during the year 2013-14.
8 Reference is invited to Note 24(B)(iii) regarding accounting of a sum of ₹ 47.40 crores towards additional compensation under Nutrient Based Subsidy (NBS) for producing P&K fertilizers which has been considered as receivable from Department of Fertilizers (DOF). 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 above sum of ₹ 47.40 crores is not recoverable and to that extent has the effect of overstatement of profit for the year ended 31 st March 2013 and claims recoverable (forming part of Note 16 - Other Current Assets) as at 31 st March 2013.	The additional compensation was originally approved by DOF for three companies using costly 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. For one of the Companies which signed Gas Transportation Agreement, additional compensation was extended during 2012-13 also. Applying the same principle, the Company realistically accounted the additional compensation at the rates announced for 2011-12. in the considered opinion of the Company, had the same was not 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. Adequate disclosure is made under the Significant Accounting Policies – Note 24 (A) 10 (ii). In addition, the Department of Fertilizers vide its letter no. 23011/8/2010 – MPR dated 26 April 2013 confirmed that the proposal is under consideration.
Paragraphs 7 and 8 have the effect of overstatement of the current year's profit to the extent of ₹ 47.70 crores and to that extent has the effect of overstatement of net worth and overstatement of claims recoverable (forming part of Note 16 - Other Current Assets).	



MADRAS FERTILIZERS LIMITED

9	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)	Ammonia is only an intermediary and not a finished product for the Company as it is meant for captive consumption only and not for sale. Ammonia valuation at cost is adequately disclosed under the Significant Accounting Policies - Note 24(A) 7 (vii) which is the Industry practice.
10	Reference is invited to Note 24(B)(ii) regarding accounting of a sum of ₹ 37.72 crores towards escalation in input prices which has been considered as receivable from Fertilizer Industry Coordination Committee (FICC) for the year ended 31 st March 2013 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 2012-13. Hence the Company has realistically estimated the escalation and the same is adequately disclosed under the Significant Accounting Policies - Note 24 (A) 10 (i).
11	Reference is invited to Note 29(e) regarding balances in Long term borrowings from GOI, Trade Receivable/Payables, Claims recoverable and loans and advances are subject to confirmation and consequential adjustments.	The Company has obtained confirmation from most of the high value Trade Receivables / Payables. However, adequate disclosures made under note 29(e) annexed to Accounts. Hence there is no possibility of consequential adjustments.
	The effect of Paragraphs 9, 10, 11 above on the profit of the Company for the year ended 31 st March 2013 is not ascertainable.	

For B THIAGARAJAN & CO.
Chartered Accountants
FRN 004371S

CA. B. THIAGARAJAN
Partner
M. No. 018270
May 24, 2013

For and on behalf of the Board of Directors

Dr I VIJAYAKUMAR
Chairman & Managing Director

May 24, 2013



INDEPENDENT AUDITOR'S REPORT

To
The Members of
Madras Fertilizers Limited
Chennai 600 068

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, 2013, 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. Management is responsible for the 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.
4. 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.
5. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and

fair presentation of the financial statements 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 management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

7. In our opinion, the following amounts included in claims recoverable (forming part of Note 16 - Other Current Assets) should be charged off to Profit and Loss Statement
 - i. ₹ 28.93 lakhs under Price Concession Scheme
 - ii. ₹ 0.70 lakhs due from Customs Department (m.v. Pan Queen)
8. Reference is invited to Note 24(B)(iii) regarding accounting of a sum of ₹ 47.40 crores towards additional compensation under Nutrient Based Subsidy (NBS) for producing P&K fertilizers which has been considered as receivable from Department of Fertilizers (DOF). 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 above sum of ₹ 47.40 crores is not recoverable and to that extent has the effect of overstatement of profit for the year ended 31st March 2013 and claims recoverable (forming part of Note 16 - Other Current Assets) as at 31st March 2013

Paragraphs 7 and 8 have the effect of overstatement of the current year's profit to the extent of ₹ 47.70 crores and to that extent has the effect of overstatement of net worth and overstatement of claims recoverable (forming part of Note 16 - Other Current Assets).
9. 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)



10. Reference is invited to Note 24(B)(ii) regarding accounting of a sum of ₹ 37.72 crores towards escalation in input prices which has been considered as receivable from Fertilizer Industry Coordination Committee (FICC) for the year ended 31st March 2013 under New Pricing Scheme (NPS) for Urea. Adjustments may arise in future in respect of the above on final payment.

11. Reference is invited to Note 29(e) regarding balances in Long term borrowings from GOI, Trade Receivable/Payables, Claims recoverable and loans and advances are subject to confirmation and consequential adjustments.

The effect of Paragraphs 9, 10 and 11 above on the profit of the Company for the year ended 31st March 2013 is not ascertainable.

Emphasis of matter

12. 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.

13. Without qualifying our opinion, reference is invited to Note 24(B)(ix)(xi) regarding change in accounting treatment for catalyst in process.

14. Without qualifying our opinion, reference is invited to Note 29(c) regarding Government of India (GOI) loans, the aggregate value of such loans which exceed the total borrowing powers of the Company as authorised by the Company's Memorandum of Association.

Qualified Opinion

15. Subject to our comments in Para 7 to 11 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, 2013;
- (b) in the case of the Profit and Loss Account, of the PROFIT 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

16. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

17. Further to our comments in Para 7 to 14 above, as required by section 227(3) of the Act, we report that:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. 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;
- c. 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;
- d. 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 referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e. The Department of Company Affairs has clarified that the provisions of clause (g) of the Companies Act, 1956 are not applicable to Government Companies.
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

CA B THIAGARAJAN
Partner
M No. 018270

Chennai
May 24, 2013



ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 2 of the Auditors' Report of even date to the members of **MADRAS FERTILIZERS LIMITED** on the financial statements for the year ended March 31, 2013).

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.
 - (c) During the year the company has not disposed off any substantial / major part of fixed assets.
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) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion, the company has maintained proper records of inventory. 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 301 of the Act during the year.
 - (b) The company has not taken any loans, secured or unsecured from firms, or other parties covered in the register maintained under Section 301 of the Act.
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. According to the information and explanations provided by the management, there are no contracts or arrangements that need to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 have been properly entered in the said register. Accordingly Clause 4(v)(a) & (b) of the Order are not applicable.
6. In our opinion, the Company has complied with the provisions of Section 58A and other relevant provisions of the Act with regard to deposits accepted from public. During the year, the Company has not accepted any fixed deposits from public. Based on records produced to us, there has not been any default on payment of deposits and hence provisions of Section 58AA of the Companies Act are not attracted.
7. The Company has an in-house formal internal audit system, which in our opinion, is required to be strengthened by taking into account the size and nature of its business with professionally qualified persons. However, internal controls and checks are adequate and the frequency of such checks is in line with the generally accepted procedures.
8. 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 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and



MADRAS FERTILIZERS LIMITED

records have been made and maintained. However, we are not required to and have not carried out any detailed examination of such records.

9. (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 and 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 and other material statutory dues as applicable which were in arrears as at 31st March 2013 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 undisputed demands in respect of Income tax, Service tax, Sales tax, Customs duty, Excise duty and other material statutory dues as applicable, which have not been deposited with the relevant statutory authority. However, according to information and explanations given to us, disputed dues of customs duty and Kerala Value Added Taxes have not been deposited and disputed dues of excise duty and Tamil Nadu General Sales Tax have 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	170.88	High Court of Kerala

10. Subject to the effect of our comments in Paragraphs 7 to 11 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 ₹ 480.76 crores. Subject to the effect of our comments in Paragraphs 7 to 11 described in the 'Basis for Qualified Opinion' of the main audit report, the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
11. 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.
12. Based on our examination and according to the information and explanations given to us, the Company

has not granted loans and advances on the basis of security by way of pledge of shares and other securities.

13. The Company is not a Chit / Nidhi / Mutual benefit fund / Society and as such clause (xiii) of the Order is not applicable.
14. The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore provisions of Clause (xiv) of paragraph 4 of the order are not applicable.
15. 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. Therefore, clause (xv) of paragraph 4 of the Order is not applicable.



MADRAS FERTILIZERS LIMITED

16. According to the information and explanations given to us, no fresh term loans were raised during the financial year.
17. On the basis of our examination of books and records provided and the basis of explanation provided to us and on an overall examination of the balance sheet of the Company, we report that short term funds amounting to ₹ 13.57 crores have been used for long term purposes.
18. The company has not allotted any shares on preferential basis to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. During the year, the company has not issued any secured debentures.
20. The Company has not raised any money by public issue during the year.
21. 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

CA B THIAGARAJAN
Partner
M No. 018270

Chennai
May 24, 2013

**BALANCE SHEET**

as at March 31, 2013 (Note 1)

(₹ Crores)

	Notes	March 31, 2013	March 31, 2012
I EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	3	162.14	162.14
Reserves and Surplus	4	<u>(468.37)</u>	<u>(492.81)</u>
		(306.23)	(330.67)
NON CURRENT LIABILITIES			
Long Term Borrowings	5	262.04	307.69
Deferred Tax Liabilities(Net)		-	-
Long Term Trade Payables	6a	-	-
Other Long Term Liabilities	6b	-	-
Long Term Provisions	7a	<u>19.53</u>	<u>23.19</u>
		281.57	330.88
CURRENT LIABILITIES			
Short Term Borrowings	8	44.59	6.45
Short Term Trade Payables	9a	233.51	235.23
Other Current Liabilities	9b	653.79	563.30
Short Term Provisions	7b	<u>6.58</u>	<u>4.39</u>
		938.47	809.37
TOTAL		<u><u>913.81</u></u>	<u><u>809.58</u></u>
II ASSETS			
NON CURRENT ASSETS			
Fixed Assets			
Tangible Assets			
	10		
i. Gross Block		938.54	892.02
ii. Less : Depreciation Reserve		<u>706.94</u>	<u>667.44</u>
Net Block		231.60	224.58
Capital Work- in- progress		15.45	33.18
Dismantled Assets		<u>1.20</u>	<u>1.37</u>
	c/o	248.25	259.13



MADRAS FERTILIZERS LIMITED

BALANCE SHEET

as at March 31, 2013 (Note 1) (contd)

(₹ Crores)

	Notes	March 31, 2013	March 31, 2012
	b/f	248.25	259.13
Non Current Investments	11	0.40	0.40
Deferred Tax Assets(Net)		-	-
Long Term Loans and Advances	12a	10.73	11.16
Long Term Trade Receivables	13a	-	-
CURRENT ASSETS			
Inventories	14	307.45	302.94
Short Term Trade Receivables	13b	3.73	0.08
Cash and cash equivalents	15	5.82	57.11
Short Term Loans and Advances	12b	16.01	5.99
Other Current Assets	16	321.42	172.77
TOTAL		913.81	809.58

Notes 1 to 29 form part of these financial statements.

Dr. I VIJAYAKUMAR
Chairman and Managing Director

SATISH CHANDRA
Director

K. LAKSHMINARAYANA RAO
Executive Director - Finance

May 24, 2013

As per our Report of even date

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

May 24, 2013

CA B THIAGARAJAN
Partner
M No 018270

**STATEMENT OF PROFIT AND LOSS**

for the year ended March 31, 2013 (Note 2)

		(₹ Crores)	
	Notes	2012-13	2011-12
I Revenue from operations			
Gross Sales	17	424.12	319.82
Less: Excise Duty		<u>4.26</u>	<u>3.14</u>
		419.86	316.68
Subsidy - Urea		1751.40	1829.61
- NPK		<u>175.03</u>	<u>61.48</u>
		1926.43	1891.09
II Other Income	18	8.82	10.97
III Total Revenue (I+II)		<u>2355.11</u>	<u>2218.74</u>
IV Expenses :			
Cost of materials consumed	19a	2054.24	1766.13
Purchase of Stock-in-Trade	19b	3.37	3.48
Changes in inventories of finished goods, work-in-progress and Stock-in-trade	20	(37.91)	35.52
Employee benefit expenses	21	73.89	87.27
Finance costs	22	73.61	60.00
Depreciation and amortization expense		41.73	40.34
Other Expenses	23	121.74	115.32
Total Expenses		<u>2330.67</u>	<u>2108.06</u>
V Profit before exceptional/extraordinary items and tax (III-IV)		24.44	110.68
VI Exceptional Items		-	-
VII Profit before extraordinary items and tax (V-VI)		24.44	110.68
VIII Extraordinary Items		-	(1.31)
IX Profit before tax (VII-VIII)		24.44	111.99
X Tax expense:			
- Current Tax		-	-
- Deferred Tax		-	-
XI Profit/(loss) for the period from continuing operations (IX-X)	c/o	<u>24.44</u>	<u>111.99</u>



MADRAS FERTILIZERS LIMITED

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2013 (Note 2)

	Notes	(₹ Crores)	
	b/f	2012-13	2011-12
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)		<u>24.44</u>	<u>111.99</u>
XVI Earnings Per Equity Share			
Profit/(Loss) available to members (₹ Crores)	24.44	111.99	
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		1.52	6.95

Notes 1 to 29 form part of these financial statements.

Dr. I VIJAYAKUMAR
Chairman and Managing Director

SATISH CHANDRA
Director

K. LAKSHMINARAYANA RAO
Executive Director - Finance

May 24, 2013

As per our Report of even date

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

May 24, 2013

CA B THIAGARAJAN
Partner
M No 018270

**NOTES TO FINANCIAL STATEMENT** for the year ended March 31, 2013

	(₹ Crores)	
	March 31, 2013	March 31, 2012
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, 2013		March 31, 2012	
	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 per share. 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, 2013, the amount of per share dividend recognised as distribution to equity shareholders was ₹ Nil (March 31, 2012 ₹ 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 31,2013		March 31,2012	
	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

(₹ Crores)

	March 31, 2013	March 31, 2012
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	<u>12.39</u>	<u>12.39</u>
Surplus/(Deficit) in the Statement of Profit & Loss		
Balance as per last financial statement	(505.20)	(617.19)
Profit for the year	24.44	111.99
Net Surplus/(Deficit) in the Statement of Profit & Loss	<u>(480.76)</u>	<u>(505.20)</u>
	<u>(468.37)</u>	<u>(492.81)</u>
5 LONG TERM BORROWINGS		
UNSECURED		
GOI Loan - Non Current Portion	262.04	307.69
Current portion of GOI Loans overdue and due within one year is shown under Note 9b - Other Current Liabilities.		
	<u>262.04</u>	<u>307.69</u>
6a LONG TERM TRADE PAYABLES	-	-
6b OTHER LONG TERM LIABILITIES		
Advances from Marketers/Dealers	-	-
	<u>-</u>	<u>-</u>

**MADRAS FERTILIZERS LIMITED**

	(₹ Crores)	
	March 31, 2013	March 31, 2012
7a LONG TERM PROVISIONS		
Provisions for Employee Benefits		
Retired Medical Benefits	0.90	1.11
Service Awards	0.25	1.26
Gratuity	10.26	13.00
Leave Encashment	8.12	7.82
	<u>19.53</u>	<u>23.19</u>
7b SHORT TERM PROVISIONS		
Provisions for Employee Benefits		
Retired Medical Benefits	0.14	0.22
Gratuity	4.33	2.59
Leave Encashment	2.11	1.58
	<u>6.58</u>	<u>4.39</u>
8 SHORT TERM BORROWINGS		
SECURED		
Cash Credit from Banks -	44.59	6.45
Secured by hypothecation of Inventories and book debts including GOI subsidy receivable with second charge on all immovable properties at Manali both present and future.		.
	<u>44.59</u>	<u>6.45</u>
9a SHORT TERM TRADE PAYABLES		
Trade Payables	233.51	235.23
	<u>233.51</u>	<u>235.23</u>
9b OTHER CURRENT LIABILITIES		
UNSECURED		
GOI Loan - Current Portion		
Principal	292.20	246.55
Interest accrued and due	273.87	219.29
	566.07	465.84
Investor Education and Protection Fund		
Unclaimed Deposits	0.13	1.85
Amount to be transferred to Investor Education and Protection Fund	-	-
Interest accrued but not due on loans	16.85	15.55
Bonds - Face value of ₹ 1 lac each	-	0.44
Micro, Small & Medium Enterprises	0.09	0.12
Other Liabilities	70.65	79.50
	<u>653.79</u>	<u>563.30</u>

**MADRAS FERTILIZERS LIMITED****10. TANGIBLE ASSETS**

(₹ Crores)

ASSET	GROSS BLOCK AT COST			Mar 31, 2013	DEPRECIATION	NET BLOCK AS ON	
	Mar 31, 2012	Addition	Deduction		UPTO Mar 31, 2013	Mar 31, 2013	Mar 31, 2012
LAND *	1.66	0.16	-	1.82	-	1.82	1.66
ROAD, BRIDGES AND OTHER FACILITIES.	2.30	1.26	-	3.56	0.93	2.63	1.41
RAILWAY SIDING **	1.22	-	-	1.22	1.09	0.13	0.14
BUILDINGS	14.16	-	-	14.16	7.80	6.36	6.71
PLANT & MACHINERY	852.48	45.61	1.19	896.90	683.66	213.24	208.37
AUTOMOTIVE & SERVICE EQUIPMENT	8.88	-	0.04	8.84	6.30	2.54	2.73
LAB EQUIPMENT	3.98	0.78	-	4.76	1.85	2.91	2.31
OFFICE EQUIPMENT	5.09	0.99	1.05	5.03	3.24	1.79	1.05
FURNITURE & FITTINGS	1.40	0.01	0.01	1.40	1.35	0.05	0.05
AIR CONDITIONERS & WATER COOLERS	0.85	0	0	0.85	0.72	0.13	0.15
	892.02	48.81	2.29	938.54	706.94	231.60	224.58
CAPITAL WORK-IN- PROGRESS (AT COST)	33.18	25.19	42.92	15.45	-	15.45	33.18
DISMANTLED ASSETS +						1.20	1.37
TOTAL	925.20	74.00	45.21	953.99	706.94	248.25	259.13
PREVIOUS YEAR	896.98	41.41	13.19	925.20	667.44		

* 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 (Previous Year ₹ 0.35 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.



MADRAS FERTILIZERS LIMITED

	(₹ Crores)	
	March 31, 2013	March 31, 2012
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	<u>1.25</u>	<u>1.25</u>
	<u>0.40</u>	<u>0.40</u>
12a LONG TERM LOANS AND ADVANCES		
(Unsecured and considered good unless otherwise stated)		
Secured Loans	0.37	0.56
Deposits with Government Departments and Others	9.07	9.05
Balances with Customs, Port Trust and Excise Authorities	<u>1.29</u>	<u>1.55</u>
	<u>10.73</u>	<u>11.16</u>
12b SHORT TERM LOANS AND ADVANCES		
Advances recoverable in Cash or in kind or for value to be received	<u>16.01</u>	<u>5.99</u>
	<u>16.01</u>	<u>5.99</u>
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	-	-
	<u>-</u>	<u>-</u>
13b SHORT TERM TRADE RECEIVABLES		
Considered Good in respect of which Company is fully Secured	3.73	0.08
Considered Good in respect of which Company holds no Security other than the debtor's personal security	-	-
Considered Doubtful - Unsecured	<u>4.47</u>	<u>4.78</u>
	8.20	4.86
Less: Provision for Doubtful Debts	<u>4.47</u>	<u>4.78</u>
	<u>3.73</u>	<u>0.08</u>

**MADRAS FERTILIZERS LIMITED**

	(₹ Crores)	
	March 31, 2013	March 31, 2012
14 INVENTORIES		
(As certified by Management based on technical estimate)		
Raw Materials on hand	112.35	147.08
Work-in-Progress	81.77	52.56
Finished Products		
Manufactured Stock		
Fertilizers	15.25	6.55
Stores and Spares		
On hand	81.09	68.43
In Transit	8.24	6.34
Loose Tools	0.24	0.23
Others		
Catalysts	6.01	19.47
Packing Materials	2.50	2.28
	<u>307.45</u>	<u>302.94</u>
15 CASH AND CASH EQUIVALENTS		
Cash on hand	0.07	0.07
Balances with scheduled banks		
In Current Account	1.06	8.70
Current Investment (In Term Deposit)	4.69	48.34
	<u>5.82</u>	<u>57.11</u>
16 OTHER CURRENT ASSETS		
Claims Recoverable	322.43	173.78
Less: Provision made	1.01	1.01
	<u>321.42</u>	<u>172.77</u>

**MADRAS FERTILIZERS LIMITED**

	(₹ Crores)	
	2012-13	2011-12
17 GROSS SALES		
Manufactured Products :		
Fertilizers		
Urea	220.01	259.97
NPK 17-17-17	195.86	9.02
NPK 20-20-0-13	-	41.14
Biofertilizers	1.14	1.44
Carbon-di-oxide	3.04	3.98
Bought Products :		
Agro Chemicals	1.46	1.81
Organic Manure	2.61	2.46
	<u>424.12</u>	<u>319.82</u>
18 OTHER INCOME		
Dividend	0.20	0.20
Interest from Banks and Others	1.35	2.16
Profit on Sale of Assets	0.62	0.29
Rent	1.21	1.11
Insurance claims	0	0.17
Miscellaneous Income	5.44	7.04
	<u>8.82</u>	<u>10.97</u>
19a COST OF MATERIALS CONSUMED		
Raw Materials		
Opening Stock	147.08	14.23
Add: Purchases	1352.83	1288.06
	<u>1499.91</u>	<u>1302.29</u>
Less: Closing Stock	112.35	147.08
Total Consumption of Raw materials	<u>1387.56</u>	<u>1155.21</u>
Power, Water & Fuel	621.82	588.07
Stores, Spares & Packing Materials	44.86	22.85
	<u>2054.24</u>	<u>1766.13</u>

**MADRAS FERTILIZERS LIMITED**

	(₹ Crores)	
	2012-13	2011-12
19b PURCHASE OF STOCK-IN-TRADE		
Agrochemicals	0.99	1.23
Organic Manure	2.38	2.25
	<u>3.37</u>	<u>3.48</u>
20 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE		
Opening Stock		
Finished goods	6.55	8.21
Work in progress	52.56	86.42
	59.11	94.63
Less : Closing Stock		
Finished goods	15.25	6.55
Work in progress	81.77	52.56
	97.02	59.11
	<u>(37.91)</u>	<u>35.52</u>
21 EMPLOYEE BENEFIT EXPENSES		
Salaries, Wages and Bonus	59.32	57.07
Contribution to Provident Fund, Superannuation and Gratuity	11.06	11.34
Staff Welfare Expenses	3.51	11.95
Gratuity on pay revision	-	6.91
	<u>73.89</u>	<u>87.27</u>
22 FINANCE COSTS		
Interest on		
Term Loans		
GOI Loan	55.88	45.69
LICHF	-	0.02
Other Borrowings		
Bank Borrowings	9.98	8.99
Public Deposits	-	0.77
Others	6.09	3.09
Cash Discount	1.66	1.44
	<u>73.61</u>	<u>60.00</u>



MADRAS FERTILIZERS LIMITED

	(₹ Crores)	
	2012-13	2011-12
23 OTHER EXPENSES		
Repairs and Maintenance		
Plant and Machinery	43.90	42.53
Buildings	0.54	0.55
Other Assets	0.24	0.45
	<u>44.68</u>	<u>43.53</u>
Transportation and Warehousing		
Transportation and Warehousing	45.77	40.68
Secondary freight	3.01	2.73
Warehouse Rent	0.32	0.08
	<u>49.10</u>	<u>43.49</u>
Payment to Statutory Auditors		
Statutory Audit	0.02	0.02
Tax Audit	0.01	0.01
Certification	0.05	0.10
	<u>0.08</u>	<u>0.13</u>
Volume/Special Rebate	1.84	0.42
Rent	0.52	0.65
Rates and Taxes	0.81	0.73
Insurance	1.14	1.45
Directors' Expenses	0.06	0.11
Directors' Sitting Fees	-	-
Agro Services / Information Expenses	0.09	0.03
Advertising and Publicity	0.61	0.91
Provision for Bad and Doubtful debts	-	0.15
Provision for Claims Recoverable	-	0.19
Exchange Rate Fluctuation	2.11	4.06
Miscellaneous Expenses	20.70	19.47
	<u>121.74</u>	<u>115.32</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, 1956 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 XIV to the Companies Act, 1956 on Straight Line Method by leaving a residual value of 5% in respect of Plant and Machinery and ₹ 1 in respect of other tangible assets.

Assets costing not more than ₹ 5,000 each are depreciated in full in the year of addition by leaving a residual value of ₹ 1.

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: 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: 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 VALUE ADDED TAX

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:

	2012-13	2011-12
	(₹)	(₹)
Roads, Bridges and other facilities	3,92,481	3,74,449
Railway Siding	78,513	78,513
Buildings	34,65,530	34,81,163
Plant and Machinery	40,67,43,536	39,52,31,467
Automotive and Service Equipment	19,57,924	14,37,572
Laboratory Equipment	18,62,820	12,36,436
Office Equipment	24,60,663	11,27,867
Furniture and Fittings	70,224	92,827
Air Conditioners and Water Coolers	2,79,538	3,03,249
	<u>41,73,11,229</u>	<u>40,33,63,543</u>

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 ₹ 37.72 Cr (Previous year ₹ 65.69 Cr) has been reckoned as receivable from FICC for the year 2012-13 towards annual 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 ₹ 47.40 Cr (Previous year ₹ 17.91 Cr) in line with the Accounting policy – Note 24 (A) 10 (ii).

iv. EXCHANGE RATE FLUCTUATION

Exchange rate fluctuation included in other expenses is ₹ 2.11 Cr (Previous year ₹ 4.06 Cr)

v. CENTRAL EXCISE 25/70 NOTIFICATION

The Company has complied with the Miscellaneous Order of CESTAT to pre deposit a sum of ₹ 2 Cr by 11.03.2013 for taking up the appeal for hearing and disposal.

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



MADRAS FERTILIZERS LIMITED

- 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 31.03.2013. 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 31.3.2013		As on 31.3.2012	
		Net selling price	Book Value	Net selling price	Book Value
1	Ammonia	292.69	145.53	263.21	140.83
2	Urea	63.97	36.15	59.75	40.13
3	NPK	11.88	9.32	9.95	7.83
4	Utilities	21.85	17.13	20.34	16.09

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 ₹ 30.23 lacs (Previous year ₹ 31.33 lacs). The depreciation recognized in the books during the year for the above asset is ₹ 1.10 lacs (previous year ₹ 1.11 lacs).

As the lease was short closed during 2012-13, there is no future lease rental receivable under non-transferable operating lease. The lease rent received during the year is ₹ 1.04 Lacs (Previous year ₹ 1.94 Lacs) as against ₹ 2.23 lacs for the full year.

- 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, 2013 as identified by the Management and relied upon by the Auditors is provided below:

	(₹ Cr)	
	31.03.13	31.03.12
a) Dues outstanding more than 45 days	0	0.07
b) Amount remaining unpaid as at the end of the year		
Principal Amount	0.09	0.12
Interest Amount	0	0
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**

- Information required under AS 15 (Revised) on "Employee Benefit Expenses" is provided in Annexure - I to this note.
- The amount of borrowing costs capitalised for the year is 'NIL' (Previous year 'NIL') per AS 16 (Borrowing Costs).
- 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).



MADRAS FERTILIZERS LIMITED

- 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, 2013 (₹ Cr)	Mar 31, 2012 (₹ Cr)
a. Leave Encashment		
Provision at the beginning of the year	9.40	6.25
Provision made during the year	4.44	4.98
Utilisation / withdrawal during the year	3.61	1.83
Provision at the end of the year	10.23	9.40
b. Retired Medical Benefits		
Provision at the beginning of the year	1.33	1.43
Provision made during the year	0.11	0.05
Utilisation / withdrawal during the year	0.40	0.15
Provision at the end of the year	1.04	1.33
c. Service Awards		
Provision at the beginning of the year	1.26	0.93
Provision made during the year	0.07	0.33
Utilisation / withdrawal during the year	1.08	-
Provision at the end of the year	0.25	1.26
d. Gratuity		
Provision at the beginning of the year	15.59	12.19
Provision made during the year	1.77	7.40
Utilisation / withdrawal during the year	2.77	4.00
Provision at the end of the year	14.59	15.59
e. Bad and Doubtful Debts		
Provision at the beginning of the year	4.78	5.17
Provision made during the year	-	0.15
Utilisation / withdrawal during the year	0.31	0.54
Provision at the end of the year	4.47	4.78
f. Claims Recoverable		
Provision at the beginning of the year	1.01	0.82
Provision made during the year	-	0.19
Utilisation / withdrawal during the year	-	-
Provision at the end of the year	1.01	1.01



MADRAS FERTILIZERS LIMITED

- vii. a) Considering the carry forward losses and allowances available for set off, there is no Income Tax liability for the year 2012-13. Hence no provision is made for Income Tax during the year.
- b) Deferred tax asset (Net) as at 31.03.2013 has not been recognized since there are no taxable profits in view of the set-off of the carry forward loss and depreciation benefits available to the Company under the Income-Tax Act.
- viii. The Draft Rehabilitation Scheme (DRS) submitted by the Operating Agency to BIFR is presently under the perusal and consideration of GOI. The next BIFR hearing is posted on July 01, 2013.
- ix. In respect of the verification of movable fixed assets, the outside professional firm of Chartered Accountants have reviewed the reconciliation made by the Company after identifying and locating the high value items. Other small value items shall be taken up for a final review during 2013-14 in the current cycle of verification.

In view of the above, as there is no material financial impact, no provision was considered necessary during the year.

- x. Included in Short Term Trade Payables under 'Note 9a' are:
- a. Dues to CPCL ₹ 95.68 Cr (Previous Year ₹ 0.02 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 ₹ 49.67 Cr (Previous Year ₹ 49.60 Cr) for which First charge on Plant and Machinery is given for ₹ 50 Cr.
- xi. During the year, the catalysts in process were charged off in full amounting to ₹ 18.75 Cr to be in line with the requirement of AS-26 (Intangible Assets). Had the last year method been followed, the charge would have been less by ₹ 12.62 Cr and correspondingly the profit would have been more by the same extent.
- xii. The Company defaulted repayment of loan principal and interest on GOI loans as detailed below:

(₹ Cr)

	Principal	Interest	Total
Revamp Loans	110.07	82.47	192.54
Plan Loans	117.04	172.20	289.24
Non Plan Loans	19.44	19.20	38.64
Total	246.55	273.87	520.42

The same along with ₹ 45.65 Cr due within one year is shown under Note 9b – Other Current Liabilities.



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 ₹ 5.01 Cr (Previous year ₹ 4.52 Cr) and ₹ 5.37 Cr (Previous year ₹ 4.97 Cr) respectively.

Defined Benefit Schemes:

Funded Scheme:

(₹ Cr)

Net employee benefit Expense	Gratuity	
	2012-13	2011-12
Current Service Cost	0.65	0.84
Interest cost on benefit obligation	2.54	1.89
Expected (return) / loss on plan assets	(1.39)	(1.17)
Net actuarial (gain)/loss recognized in the year	(0.90)	7.44
Net Benefit Expense	0.90	9.00

Unfunded Schemes:

(₹ Cr)

Net employee benefit Expense	Earned Leave Encashment		Post Retirement Medical Benefits		Service Award	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Current Service Cost	1.30	1.49	0.13	0.15	-	-
Interest cost on benefit obligation	0.61	0.43	0.11	0.11	0.07	0.07
Net actuarial (gain)/loss recognized in the year	2.53	3.06	(0.40)	(0.21)	(0.36)	0.26
Net Benefit Expense	4.44	4.98	(0.16)	0.05	(0.29)	0.33

Funded Scheme:

(₹ Cr)

Changes in present value of defined benefit obligation	Gratuity	
	2012-13	2011-12
Opening defined benefit obligation	31.74	23.71
Interest cost	2.54	1.89
Current service cost	0.65	0.84
Benefits paid	(2.77)	(2.14)
Net actuarial (gain) / loss on obligation	(0.90)	7.44
Closing defined benefit obligation	31.26	31.74



MADRAS FERTILIZERS LIMITED

Unfunded Schemes:

(₹ Cr)

Changes in present value of defined benefit obligation	Earned Leave Encashment		Post Retirement Medical Benefits		Service Award	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Opening defined benefit obligation	9.40	6.25	1.33	1.43	1.26	0.93
Interest cost	0.61	0.43	0.11	0.11	0.07	0.07
Current service cost	1.30	1.49	0.13	0.15	-	-
Benefits paid	(3.61)	(1.83)	(0.13)	(0.15)	(0.72)	-
Net actuarial (gain) / loss on obligation	2.53	-3.06	(0.40)	(0.21)	(0.36)	0.26
Closing defined benefit obligation	10.23	9.40	1.04	1.33	0.25	1.26

Funded Scheme:

(₹ Cr)

Change in fair value of plan assets	Gratuity	
	2012-13	2011-12
Opening fair value of plan assets	16.15	11.52
Expected return	1.39	1.17
Contributions	1.90	5.60
Benefits paid	(2.77)	(2.14)
Actuarial gain / (loss)	-	-
Closing fair value of plan assets	16.67	16.15
Investment details	Insurer managed funds- 100%	

Funded Scheme:

(₹ Cr)

Balance Sheet	Gratuity	
	2012-13	2011-12
Defined benefit obligation	31.26	31.74
Fair value of plan assets	16.67	16.15
Plan asset / (liability)	(14.59)	(15.59)

Unfunded Schemes:

(₹ Cr)

Balance Sheet	Earned Leave Encashment		Post Retirement Medical Benefits		Service Award	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Defined benefit obligation	10.23	9.40	1.04	1.33	0.25	1.26
Fair value of plan assets	-	-	-	-	-	-
Plan asset / (liability)	(10.23)	(9.40)	(1.04)	(1.33)	(0.25)	(1.26)



MADRAS FERTILIZERS LIMITED

Funded Scheme:

Actuarial Assumptions	Gratuity	
	2012-13	2011-12
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	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Mortality table (before Retirement)	LIC 94 – 96 rates					
Mortality table (after Retirement)	Not Applicable		LIC 96 – 98 rates		Not Applicable	
Discount Rate (per annum)	8%					
Inflation Rate (per annum)	6%					

25 INFORMATION ON REMUNERATION TO DIRECTORS:

	(₹)	
	2012-13	2011-12
Salary and Allowances	* 29,67,255	15,75,947
Contribution to Provident & Other Funds	3,08,334	1,14,485
Other Perquisites	10,00,097	4,81,514
Total	42,75,686	21,71,946
Loans and Advances	1,00,000	-

26. INFORMATION ON GOODS MANUFACTURED AND TRADED:

(a) Installed Capacities:

	2012-13	2011-12
	MT	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

**MADRAS FERTILIZERS LIMITED****(b) Production:**

	2012-13	2011-12
	MT	MT
Ammonia	2,60,804	2,83,205
Urea	4,35,771	4,86,750
NPK 20-20-0-13	-	28,340
NPK 17-17-17	1,00,125	7,565
Bio fertilizers	378	481

(c) Purchase of Stock in Trade:

	2012-13		2011-12	
	Quantity MT	Amount ₹	Quantity MT	Amount ₹
Agrochemicals	-	98,50,813	-	1,22,74,886
Organic Manure	3,827	2,38,19,875	3,630	2,25,05,008
		<u>3,36,70,688</u>		<u>3,47,79,894</u>

(d) Gross Sales:

Manufactured Products				
Urea	4,24,499	220,00,99,194	4,99,518	259,97,41,550
NPK 17-17-17	1,02,165	195,85,58,753	5,422	9,01,67,915
NPK 20-20-0-13	-	-	28,333	41,13,47,855
Carbon-di-oxide*	9,341	3,04,26,548	12,396	3,98,00,168
Bio fertilizers	378	1,13,77,722	481	1,44,18,777
Bought Products				
Agrochemicals	-	1,45,92,625	-	1,81,40,414
Organic Manure	3,827	2,61,23,070	3,630	2,46,28,464
		<u>424,11,77,912</u>		<u>319,82,45,143</u>

* By Product

(e) Stocks:**(i) Opening Stock****(a) Finished Products****Manufactured Products**

Urea	61	23,38,880	3,484	8,20,67,921
NPK 17-17-17	2,143	6,31,18,036	0	7,002
NPK 20-20-0-13	0	9,430	-	-
		<u>6,54,66,346</u>		<u>8,20,74,923</u>



MADRAS FERTILIZERS LIMITED

(b) Work-in-Progress

	2012-13		2011-12	
	Quantity MT	Amount ₹	Quantity MT	Amount ₹
Manufactured Products				
Ammonia	7,601	39,96,74,490	9,978	43,92,33,655
Urea – bulk	4,142	12,59,39,509	13,734	42,49,44,518
		<u>52,56,13,999</u>		<u>86,41,78,173</u>
(ii) Closing Stock				
(a) Finished Products				
Manufactured Products				
Urea	3,698	15,21,79,757	61	23,38,880
NPK 17-17-17	11	2,81,906	2,143	6,31,18,036
NPK 20-20-0-13	0	8,555	0	9,430
		<u>15,24,70,218</u>		<u>6,54,66,346</u>
(b) Work-in-Progress				
Manufactured Products				
Ammonia	6,374	35,93,17,486	7,601	39,96,74,490
Urea - bulk	11,510	45,83,75,161	4,142	12,59,39,509
		<u>81,76,92,647</u>		<u>52,56,13,999</u>

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

	2012-13 MT	2011-12 MT
Urea	267	247
NPK 20-20-0-13	-	6
NPK 17-17-17	92	0

(f) Consumption

	2012-13		2011-12			
	%	Quantity MT	Amount	%	Quantity MT	Amount ₹
(i) Basic Raw Materials						
Imported						
Urea		27,481	66,88,00,696		1,459	3,33,49,494
Potash		30,245	83,32,42,358		2,274	4,07,83,764
Ammonium Sulphate		-	-		16,309	24,07,83,041
Phosphoric Acid		17,857	95,61,56,431		7,389	38,42,25,250
Total	<u>18</u>		<u>245,81,99,485</u>	<u>6</u>		<u>69,91,41,549</u>
Indigenous						
Naphtha		2,05,928	1140,80,39,453		2,15,717	1081,90,77,781
Urea		-	-		1,751	3,15,36,972
Others		-	93,32,772		-	22,93,931
	<u>82</u>		<u>1141,73,72,225</u>	<u>94</u>		<u>1085,29,08,684</u>
	<u>100</u>		<u>1387,55,71,710</u>	<u>100</u>		<u>1155,20,50,233</u>



MADRAS FERTILIZERS LIMITED

		2012-13		2011-12	
(ii) Components and Spares:	%	₹	%	₹	
Imported	17	6,75,83,553	73	54,64,61,374	
Indigenous	83	33,16,32,338	27	20,34,86,322	
	<u>100</u>	<u>39,92,15,891</u>	<u>100</u>	<u>74,99,47,696</u>	

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

(a) Imports (CIF Value)	2012-13		2011-12	
	₹		₹	
(i) Raw Materials	197,16,92,048		176,33,86,000	
(ii) Components and Spare Parts	19,03,40,446		24,17,14,137	
	<u>216,20,32,494</u>		<u>200,51,00,137</u>	
(b) Other Expenditure incurred in Foreign Currency				
(i) Books and Periodicals	3,91,887		2,21,918	
(ii) Travel (Business, Seminar, Conference etc.)	-		11,971	
	<u>3,91,887</u>		<u>2,33,889</u>	
	2012-13	2011 - 12		
No. of persons	-	2		
Foreign Currency (US \$)	-	225		
	<u>3,91,887</u>		<u>2,33,889</u>	

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

	2012-13	2011-12
	₹	₹
(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 ₹ 138.51 Cr and interest on delayed payment of Excise Duty ₹ 5.42 Cr).	221,01,91,119	183,58,01,504
(b) L/Cs outstanding (not provided for)	1,07,54,814	18,12,30,479
(c) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (after adjusting advance made therefor)	6,55,30,814	19,28,08,775
(d) ESI Liability (interest) not provided for, based on Court's interim injunction.	-	38,41,925



MADRAS FERTILIZERS LIMITED

29. GENERAL INFORMATION:

- a. The 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 is still pending.

Based on the restoration application filed by the Company before CESTAT, which waived pre-deposit of the duty and penalty during the pendency of the appeal on deposit of ₹ 5 lacs by the Company which was complied with.

- b. Government of India has not so far exercised its right to levy penal interest amounting to ₹ 138.51 Cr (Previous Year ₹ 104.20 Cr). However, the same is shown under Contingent Liabilities per practice.

- c. The total borrowings as of 31st March 2013 are ₹ 554.25 Cr (Previous Year ₹ 554.25 Cr) are exclusive loans from Government of India. The pre-approved limits per Article 44 of Articles of Association are ₹ 550 Cr.

The necessary approval for increase in limits shall be obtained from the shareholders in the Annual General Meeting.

- d. Due to EU and US sanctions on Iran, the insurance companies could not get reinsurance abroad and consequently though the coverage for the year 2013-14 was given for the entire insured value of ₹ 1,699 Cr, nevertheless the aggregate annual claim settlement shall be restricted to ₹ 105 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).

- e. Confirmation of balances has not been received in respect of Loans from GOI, Trade Receivables / Payables and Loans and Advances.

- f. Figures for the previous year have been regrouped wherever necessary to conform to Current Year's classification.

Dr. I VIJAYAKUMAR
Chairman and Managing Director

SATISH CHANDRA
Director

K. LAKSHMINARAYANA RAO
Executive Director - Finance

May 24, 2013

As per our Report of even date

For B THIAGARAJAN & CO.
Chartered Accountants
FRN 004371S

May 24, 2013

CA B THIAGARAJAN
Partner
M No 018270

**MADRAS FERTILIZERS LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013**

(₹ Crores)

	2012-13	2011-12
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax from continuing operations	24.44	111.99
Profit Before Tax from discontinuing operations	-	-
Profit Before Tax	24.44	111.99
Non-cash adjustments to reconcile profit before tax to net cash flows		
Depreciation	41.73	40.34
Loss/(profit) from sale of Fixed Asset	(0.62)	(0.29)
Interest Expenses	73.61	60.00
Interest Income	(1.35)	(2.16)
Dividend Income	(0.20)	(0.20)
Operating Profit Before Working Capital Changes	137.61	209.68
Movements in working capital		
Increase/(decrease) in Trade Payables	(1.72)	(10.35)
Increase/(decrease) in Long-term Provisions	(3.66)	6.09
Increase/(decrease) in Short-term Provisions	2.19	0.69
Increase/(decrease) in other Current Liabilities	34.61	48.04
Increase/(decrease) in other Long-term Liabilities	-	-
Decrease/(Increase) in Trade Receivables	(3.65)	0.67
Decrease/(Increase) in Inventories	(4.51)	(100.72)
Decrease/(Increase) in Long-term Loans & Advances	0.43	(2.28)
Decrease/(Increase) in Short-term Loans & Advances	(10.02)	7.12
Decrease/(Increase) in other Current Assets	(148.65)	(34.80)
Decrease/(Increase) in other Non-Current Assets	-	-
Cash generated from / (used in) Operations	2.63	124.14
Direct taxes paid (net of refunds)	-	-
Net Cash Flow from / (used) in Operating Activities (A)	2.63	124.14
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(31.08)	(38.57)
Proceeds from sale of Fixed Assets	0.85	0.30
Interest Received	1.35	2.16
Dividend Received	0.20	0.20
Net Cash Flow from / (used) in Investing Activities (B)	(28.68)	(35.91)

**MADRAS FERTILIZERS LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013 (Contd)**

(₹ Crores)

	2012-13	2011-12
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	-	-
Proceeds from Long-term borrowings	-	88.95
Repayment of Long-term borrowings	(45.65)	(48.25)
Proceeds from Short-term borrowings	38.14	-
Repayment of Short-term borrowings	-	(68.68)
Interest paid	(17.73)	(16.31)
Net Cash Flow from / (used) in Financing Activities (C)	(25.24)	(44.29)
Net increase/(decrease) in Cash & Cash Equivalents (A+B+C)	(51.29)	43.94
Cash & Cash Equivalents as at 1st Apr (Opening Balance)	57.11	13.17
Cash & Cash Equivalents as at 31st Mar (Closing Balance)	5.82	57.11
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on Hand	0.07	0.07
With banks:		
on current account	1.06	8.70
on deposit account	4.69	48.34
Total Cash and Cash equivalents	5.82	57.11

Dr. I VIJAYAKUMAR
Chairman and Managing Director

SATISH CHANDRA
Director

K. LAKSHMINARAYANA RAO
Executive Director - Finance

May 24, 2013

AUDITORS' REPORT

We have examined the above cash flow statement of M/s Madras Fertilizers Limited for the year ended 31.03.2013. 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 31.03.2013.

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

CA B THIAGARAJAN
Partner
M No 018270

May 24, 2013



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.cdsindia.com

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

General Manager (Personnel & Administration)

Madras Fertilizers Limited

Manali, Chennai - 600 068

Phone : 044 - 2594 5203

Fax : 044 - 2594 3613

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



If undelivered, please return to :

Integrated Enterprises (India) Ltd

5A, II Floor, 'Kences Towers', Ramakrishna Street, Off North Usman Road, T.Nagar, Chennai - 600 017.

(Unit : Madras Fertilizers Ltd)