



49TH ANNUAL REPORT 2014 - 2015



MADRAS FERTILIZERS LIMITED

MFL

Board of Directors



Dr. I VIJAYAKUMAR, IRS
CHAIRMAN & MANAGING DIRECTOR



SHRI RAJIV YADAV, IAS
GOI Nominee Director



SHRI HEERA LAL SAMARIYA, IAS
GOI Nominee Director



SHRI ALIREZA ZAMANI
NICO Nominee Director



SHRI YASIN REZAZADEH
NICO Nominee Director



SHRI PAYMAN EHTESHAMI
NICO Nominee Director



SHRI U SARAVANAN
Director - Technical



CA MUKESH MOHAN GUPTA
BIFR Nominee Director



BOARD OF DIRECTORS (As on 28.08.2015)

Chairman & Managing Director

Dr I Vijayakumar, IRS

Directors

Shri Rajiv Yadav, IAS

Shri Heera Lal Samariya, IAS

Shri U Saravanan

Shri Alireza Zamani

Shri Yasin Rezazadeh

Shri Payman Ehteshami

CA Mukesh Mohan Gupta

Executives

Dr I Vijayakumar, IRS

Chairman & Managing Director

Shri U Saravanan

Director – Technical

Shri N Murali Krishna, ITS

Chief Vigilance Officer

Shri H Gunasekaran

General Manager (Plant)

Shri V Muralidharan

General Manager (F&A) & Company Secretary

Shri T Paul Premkumar

General Manager (M&D) - Acting

Shri K M Raja Manoharan

General Manager – (P&A) - Acting

Board Sub Committee/Management Committee

Dr I Vijayakumar, IRS

Shri Rajiv Yadav, IAS

Shri Heera Lal Samariya, IAS

Shri Payman Ehteshami

CA Mukesh Mohan Gupta

Audit Committee

Shri Rajiv Yadav, IAS

Shri Heera Lal Samariya, IAS

Shri Alireza Zamani

Shri Yasin Rezazadeh

CA Mukesh Mohan Gupta

Shareholders & Investors Grievance Committee

Dr I Vijayakumar, IRS

Shri Heera Lal Samariya, IAS

Shri U Saravanan

Shri Payman Ehteshami

CA Mukesh Mohan Gupta



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Registered Office

Manali, Chennai – 600 068
Tamil Nadu, India

Principal Bankers

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

Auditors

B Thiagarajan & Co.
Chartered Accountants
VIGFIN HOUSE
Old No. 15, New No. 24, Yogambal Street,
T. Nagar, Chennai - 600 017.



MADRAS FERTILIZERS LIMITED

Madras Fertilizers Limited

(A Government of India Undertaking)

CIN - L32201TN1966GOI005469

Regd Office: Post Bag No.2, Manali, Chennai – 600 068. Tel : 25942281 / 25945203 Fax : 25943613

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

NOTICE

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

ORDINARY BUSINESS

- 1 To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2015 and the Statement of Profit & Loss for the year ended on that date together with the Reports of Directors' and the Auditors thereon.
2. To fix remuneration of Statutory Auditors for the Financial Year 2015-16 and in this regard to consider if thought fit to pass with or without modification(s), the following resolution as an ORDINARY resolution:

"RESOLVED THAT pursuant to the provisions of Section 142(1) and other applicable provisions, if any, of the Companies Act, 2013, the Statutory Audit Fee for the financial year 2015-16 be and is hereby fixed at ₹ 3,00,000/- to M/s. B Thiagarajan & Co (Firm Regn. No.004371S), Statutory Auditors besides reimbursement of travelling and out of pocket expenses at actuals subject to other terms and conditions laid down by the C&AG in their letter No. CA. V/ COY/ CENTRAL GOVERNMENT, MFL(1)/316 dated 10.07.2015."

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of the Companies Act 2013 read with Companies (Audit and

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

By Order of the Board

Chennai
May 29, 2015

Dr I Vijayakumar
Chairman & Managing Director

Note :

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

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

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



MADRAS FERTILIZERS LIMITED

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

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

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

The electronic voting particulars are set out below:

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

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

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

Please read the instructions printed below before exercising your vote.

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

Steps for e-voting

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

8. General Instructions

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



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

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

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

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

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

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

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

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

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

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

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

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

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

By Order of the Board

Chennai
May 29, 2015

Dr I Vijayakumar
Chairman & Managing Director

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

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



DIRECTORS' REPORT

The Shareholders

Madras Fertilizers Limited

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

SUMMARY OF FINANCIAL RESULTS

(₹ Cr)

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

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

SICKNESS AND REVIVAL

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

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

DIVIDEND

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

PLANT PERFORMANCE

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

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

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

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

GAS CONVERSION

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

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

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



MADRAS FERTILIZERS LIMITED

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

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

MARKETING PERFORMANCE

Fertilizer Sales

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

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

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

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

Agrochemicals, Bio-fertilizers & Organic Manure

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

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

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

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

MARKET DEVELOPMENT & AGRO-SERVICE PROGRAMS

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

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

PUBLIC DEPOSIT

There are no Public Deposits with the Company.

ISO 9001 / 14001

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

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

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

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

MEMORANDUM OF UNDERSTANDING

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