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45th Annual Report
2010-11

MADRAS FERTILIZERS LIMITED

Board of Directors



Dr. V. Rajagopalan, IAS
GOI - Nominee Director



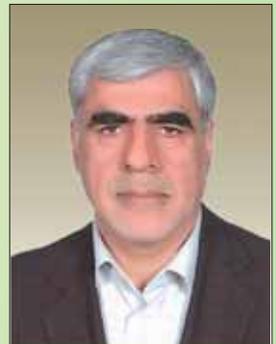
Sham Lal Goyal, IAS
GOI - Nominee Director



M. Sagar Mathews
Director - Technical



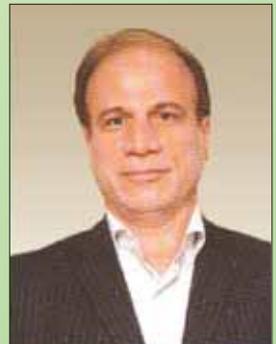
Satish Chandra, IAS
Chairman & Managing Director



Mansoor Rad
NICO - Nominee Director



Mohammed Hassan Ghodsi
NICO - Nominee Director



Hashem Pouransari
NICO - Nominee Director



BOARD OF DIRECTORS

Chairman & Managing Director

Shri Satish Chandra, IAS
(from December 20, 2010 - holding additional charge)
Shri M Sagar Mathews
(up to December 19, 2010 - holding additional charge)

Directors

Dr V Rajagopalan, IAS
Shri Sham Lal Goyal, IAS (from Nov 3, 2010)
Shri Satish Chandra, IAS (up to Nov 2, 2010)
Shri M Sagar Mathews
Shri Mansoor Rad
Shri Mohammed Hassan Ghodsi
Shri Hashem Pouransari
Shri P N Swaminathan (up to Jan 24, 2011)

Board Sub Committee / Management Committee

Dr V Rajagopalan, IAS
Shri Sham Lal Goyal, IAS (from Nov 3, 2010)
Shri Satish Chandra, IAS
(up to Nov 2, 2010 and from Dec 20, 2010)
Shri M Sagar Mathews (up to Dec 19, 2010)
Shri Hashem Pouransari

Audit Committee

Dr V Rajagopalan, IAS
Shri Sham Lal Goyal, IAS (from Nov 3, 2010)
Shri Satish Chandra, IAS (up to Nov 2, 2010)
Shri Mansoor Rad
Shri M H Ghodsi
Shri P N Swaminathan (up to Jan 24, 2011)

Shareholders & Investors Grievance Committee

Shri Satish Chandra, IAS (from Dec 20, 2010)
Shri M Sagar Mathews
Shri Hashem Pouransari

Executives

Shri Satish Chandra, IAS
Chairman & Managing Director
holding Additional Charge
(from Dec 20, 2010)

Shri Rajesh Kundan, IRS
Chief Vigilance Officer
(from May 4, 2011)

Shri Ajoy Kumar, IAS
Chief Vigilance Officer
(up to May 3, 2011)

Shri M Sagar Mathews
Director – Technical

Shri K Lakshminarayana Rao
Executive Director - Finance

Shri P R Kosalaram
General Manager – Plant (Acting)

Shri G Alagarsamy
Company Secretary (Acting)



CONTENTS

	Page No
AGM Notice	5
Directors' Report	7
Corporate Governance	21
Review of Accounts by the C&AG	29
Report of the Statutory Auditors	32
Balance Sheet	36
Profit & Loss Account	38
Schedules to Accounts	40
Cash Flow Statement	62
Information to Investors	66

Registered Office

Manali, Chennai – 600 068
Tamil Nadu, India

Principal Bankers

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

Auditors

A. V. Deven & Co.
Chartered Accountants
No.31, (Old No.59) South West Boag Road
T Nagar
Chennai - 600 017



MADRAS FERTILIZERS LIMITED

MADRAS FERTILIZERS LIMITED MANALI, CHENNAI – 600 068

Dear Shareholder,

Sub: Green Initiative in Corporate Governance: Go Paperless

The Ministry of Corporate Affairs (MCA) has taken a Green initiative in Corporate Governance allowing paperless compliances by Companies through electronic mode. All companies are now permitted to send various notices / documents to its shareholders through electronic mode to the registered email address of shareholders.

This move by the Ministry is welcome since it will benefit the society at large through reduction in paper consumption and contribution towards a Green Environment. It will also ensure prompt receipt and avoid loss in postal transit.

Keeping in view the underlying theme and the circular issued by MCA, your Company proposes to send all documents like General Meeting Notices (including AGM) Audited Financial Statements, Directors' Report, Auditors' Report etc henceforth to the shareholders in electronic form to the registered email address. In this back drop, we wish to intimate / request you as under:

- I. Shareholders holding shares in **Demat Form** are requested to register their email ID with their respective Depository Participant(s).
- II. Shareholders holding shares in **Physical Form** are requested to fill in the details as given Form attached herewith and send it to the address indicated therein.

Please note that these documents will also be available in the Company's website at www.madrasfert.nic.in for download by the shareholders. The physical copies of the Annual Report will also be available at the Registered Office of the Company for inspection during office hours.

We solicit your whole hearted co-operation in helping the Company to implement the e-governance initiative of the government in the interest of environment. We are sure that you would welcome the " **Green Initiative** " taken by the MCA and appreciate your Company's desire to participate in the same.

Thanking

Very truly yours

G Alagarsamy
Company Secretary (Acting)



**Registration of email ID
(Exclusive for Shareholders holding shares in Physical Form)**

Date:

To

M/s Integrated Enterprises (India) Ltd
Kences Towers, 2nd Floor
No.1, Ramakrishna Street
Off North Usman Road
T Nagar
Chennai – 600 017

Dear Sirs,

Sub: Green Initiative in Corporate Governance

Registered Folio Number	
Name of 1 st Registered Holder	
Name of Joint Holder/s	
Address	
email ID	

Yours faithfully

Signature
(First Holder)

Note: On registration, all the communications, including the Annual Reports will be sent to the registered email ID aforesaid.

Shareholders are requested to keep the Share Transfer Agent / Depository Participant / the Company, informed of any change in their email ID.



Madras Fertilizers Limited

Regd Office: Manali, Chennai – 600 068.

NOTICE

NOTICE is hereby given that the 45th Annual General Meeting of Madras Fertilizers Limited will be held on Tuesday, September 13, 2011 at MFL Training Centre Auditorium, (North Entrance Gate), MFL Plant, Manali, Chennai – 600 068 at 02.30 P.M., to transact the following businesses:-

ORDINARY BUSINESS

- 1 To receive, consider, approve and adopt the Audited Balance Sheet as at March 31, 2011 and the 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 Dr V Rajagopalan IAS who retires by rotation and is eligible for reappointment.
3. To appoint M/s. A.V. Deven & Co Chartered Accountants, consider as Statutory Auditors of the Company to hold office from the conclusion of this AGM till the conclusion of the next Annual General Meeting at remuneration to be fixed by the Board of Director of the Company and for the said purpose to conclusion.

“RESOLVED THAT M/s. A.V. Deven & Co Chartered Accountants, be and is hereby reappointed as the Statutory Auditors.

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 Sham Lal Goyal, IAS be and is hereby appointed as Director of the Company”.

By Order of the Board

Chennai
20.05.2011

Satish Chandra
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.**
- 3 The Register of Members and Share Transfer Books of the Company will remain closed from 09.09.2011 to 13.09.2011 (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, 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.



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

Item No. 4 : Appointment of Shri Sham Lal Goyal as Director

Shri Sham Lal Goyal 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 Satish Chandra. Shri Sham Lal Goyal was appointed as Director on the Board of the Company by the Board of Directors effective November 3, 2010. As per the provisions of Sec 260 of the Companies Act, 1956 and the Articles of Association of the Company, Shri Sham Lal Goyal 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 Sham Lal Goyal as a Director, liable to retire by rotation.

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

By Order of the Board

Chennai
20.05.2011

Satish Chandra
Chairman & Managing Director

Details of Director seeking appointment at the Annual General Meeting

Name of the Director	Shri Sham Lal Goyal, IAS
Date of Birth	22.12.1961
Qualification	B.E (Mech) Punjab Engineering College, Chandigarh IAS-1985 Batch (Maharashtra Cadre)
Date of Appointment on the Board	November 03, 2010
List of other Companies in which Directorship held	(a) Fertilizers & Chemicals Travancore Ltd (b) Fertilizer Corporation of India Ltd (c) Hindustan Fertilizer Corporation Ltd (d) Rashtria Chemicals & Fertilizers Limited
Present Position	Joint Secretary (P&P) Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India



DIRECTORS' REPORT

The Shareholders Madras Fertilizers Limited

Your Directors have pleasure in presenting herewith the 45th Annual Report together with the Balance Sheet as on March 31, 2011 and the Profit & Loss Account for the year 2010-11.

SUMMARY OF FINANCIAL RESULTS

(` Cr)

	2010-11	2009-10
Turnover	1622.83	1302.84
Profit Before Interest, Depreciation, DRE and Tax	141.43	144.87
Interest	55.05	88.45
Depreciation	41.21	41.53
Deferred Revenue Expenditure	-	1.21
01.01.97 Arrears (Employees' Salary)	-	6.80
Extraordinary items (OTS benefit)	124.69	-
Profit / (Loss) Before Tax	169.86	6.88
Provision for Tax	-	-
Profit / (Loss) After Tax	169.86	6.88
Cash Profit / (Loss)	211.07	49.62

The Company's operations for the year ended with a profit of ` 169.86 Cr (Previous Year ` 6.88 Cr) mainly on account of better production performance and lower energy consumption in Urea operations coupled with One Time Settlement benefit from Financial Institutions. The total accumulated loss as of 31.3.2011 is ` 617.19 Cr.

REFERENCE TO BIFR AND REVIVAL PROPOSAL

Due to continued erosion of net worth, the company was declared a Sick Industrial Company u/s 3(1)(o) of Sick Industrial Companies (Special Provisions) Act, 1985 in April 2009 and State Bank of India (SBI), Commercial Branch, Chennai was appointed as an Operating Agency(OA) for the Company.

Per BIFR direction, Company appointed Projects & Development India Ltd (PDIL) to prepare a Rehabilitation Proposal and suggest a suitable road map for the Company with the objective of bringing back the plant operations on a sustainable manner by adopting a suitable technical and financial improvement measures.

Further to the recommendations of the PDIL, the Operating Agency(SBI) approached their sister concern SBICAPS to evaluate the suggested options and to submit recommendation on the financial revival package for the submission to BIFR and DOF.

SBICAPS in their report recommended that write-off of Gol outstanding principal and interest appears to be most suitable option for MFL to come out of BIFR with the understanding that Gol would recommend waiver of the tax incidence under the option.

The Financial restructuring Proposal Prepared by DOF based on the above recommendation was circulated to the stake holder ministries. Comments received are under consideration by the DOF.

CAUSES FOR ACCUMULATED LOSSES

The main reasons for the accumulated losses are cost and time over run during revamp of Ammonia and Urea Plants, delay in stabilization of revamped Plants due to technology related problems, higher energy consumption, deterioration in reliability of Plants due to poor maintenance for want of funds and unfavourable Pricing Policies of GOI in respect of Nitrogenous and Complex fertilizers during the period from April 2003 to March 2009.

ONE TIME SETTLEMENT (OTS) WITH FINANCIAL INSTITUTION

The Company entered into One Time Settlement (OTS) with IFCI, SASF (IDBI), LIC and IIBI for ` 106.31 Cr as against total dues of ` 231.00 Cr towards Principal and Interest as of March 31, 2010. During the financial year 2010-11, the Company completed payments under OTS with Financial Institutions as per agreement. Your Company has gained ` 124.69 Cr through the OTS.

DIVIDEND

Though the Company earned a profit of ` 169.86 Cr during



the year 2010-11, Company could not pay Dividend due to accumulated losses and negative net worth.

PLANT PERFORMANCE

There has been substantial improvement in the plant performance. At the close of financial year 2010-11, Plant has created several records in terms of Production and Energy efficiency, highest production and lowest energy since inception.

- Urea monthly production of **50,530 MT (Mar 2011)** is the **Best**, the previous best being **50,345 MT** achieved in **March 2009**.
- Quarterly Urea production of **1,44,763 MT** (119.0% cap) is the Highest during January – March 2011, surpassing the previous Best of 1,42,498 MT (117.1% cap) during Oct-Dec 2010.
- Annual Urea production of **4,78,834 MT** (98.4% cap) during **2010-11** is the **Highest**, surpassing the previous Best of **4,73,363 MT** (97.3% cap) during 2006-2007.
- Specific energy consumption of **6.898 Gcal/MT Urea** in **Mar 2011** is the **Lowest** energy achieved in a month, bettering the previous record of **6.964 Gcal/MT** achieved in Oct 2010.
- Specific energy consumption of **7.057 Gcal/MT Urea** during Jan-Mar 2011 is the **Lowest** quarterly energy, bettering the previous record of 7.136 Gcal/MT achieved during Oct-Dec 2010.
- Annual Specific Energy consumption of **7.492 Gcal MT Urea** is the **Lowest**, the previous record being 7.769 Gcal/MT in 2004-05.
- Specific energy consumption of **9.448 Gcal/MT Ammonia** in Mar 2011 is the **Lowest** energy achieved in a month, breaking the previous record of **9.581 Gcal/MT** achieved in Dec 2009.
- Specific energy consumption of **9.652 Gcal/MT Ammonia** during Jan-Mar 2011 is the **Lowest** quarterly energy, bettering the best energy of 9.862 Gcal/MT achieved during Oct-Dec 2010.

- Annual Specific Energy consumption of **10.334 Gcal/MT Ammonia** is the **Lowest**, the previous record being 10.411 Gcal/MT in 2004-05.
- Urea production exceeded the day's installed capacity on **239** days during **Apr 2010 – Mar 2011**. This is the **Best** achieved surpassing 2004-05 record of 229 days.

GAS CONVERSION

As per feedstock policy of the Government of India, natural gas is the preferred feedstock for the manufacture of urea over the other feed stocks viz. naphtha, FO/LSHS firstly because it is clean and efficient source of energy and secondly it is considerably cheaper and more cost effective in terms of manufacturing cost of urea which also has direct impact on the quantum of subsidy on urea. The policy on conversion of existing naphtha / FO / LSHS based urea units to natural gas, formulated in January 2004, encourages the early conversion to natural gas / LNG.

GOI would give the highest priority for conversion of Naphtha / FO / LSHS based fertilizer industries as and when their Plants are ready to utilise the natural gas. Considering the above, MFL is implementing the projects of conversion of feedstock from naphtha to natural gas. The provision is also being kept to enable processing of both naphtha and natural gas depending upon the availability.

Award of work has been issued to HTAS for carrying out Engineering Design Package and the work is under process. M/s Projects & Development India Ltd (PDIL) has been proposed to be the EPCM contractor for this project.

The Company's request for allocation of Natural Gas has already been forwarded by Department of Fertilizers to the Ministry of Petroleum & Natural Gas for their consideration.

MARKETING PERFORMANCE

During the year, Company sold a total of 4.74 lakh MT of fertilizers compared to 4.41 lakh MT last year. There was 8% increase in sales of fertilizers over the last year and the market share of Urea is maintained at 8% in South India.

Company continued to embark upon various policies for reduction of marketing costs. Efforts for streamlining logistics operations continued this year also and 98% of the products



were directly delivered to the dealers.

Rationalisation of territories and Regions was another area of cost saving. There has been a manpower reduction of 5%.

Marketing Team put up a creditable performance in sales realization by making 98% cash sales. 99% of the cheques realized within 7 days. Further, it goes to their credit that there has not been a single Bad Debt for this year also.

AGROCHEMICALS & BIOFERTILIZERS

Company continued to market environment friendly Neem based Agrochemicals. A total of ₹ 1.39 Cr of Agrochemicals was traded during the year 2010-11 as against ₹ 1.42 Cr last year.

MFL sold 453 MT of Bio-fertilizers during 2010-11 as against 435 MT in 2009-10, which is 4% increase over the last year sales.

MARKET DEVELOPMENT AND AGRO-SERVICE PROGRAMS

MFL continued its tradition of conducting informative and educational programs for the farmers and dealers in terms of Corporate Social Responsibility.

During 2010-11, 64 promotional programs were conducted benefiting 22,492 farmers. MFL continued to have demos on bio-fertilizers, follow up on soil tests results with farmers and participation in Government exhibitions etc., SC/ST dealers, who now form 27% of our total dealer strength of 5,920.

COLLECTION OF OLD DISHONOURS

An amount of ₹ 33.45 lakhs has been collected from old dishonour cases as detailed below:

Region	₹ Lakhs
Cuddapah	20.55
Bangalore	12.60
Trichy	0.30

PUBLIC DEPOSIT

The Company has not accepted fresh deposits or renewed the existing deposits during the Financial Year 2010-11. The total deposit, including unclaimed, as of March 31, 2011 is ₹ 7.82 Cr.

ISO 9001 / 14001

MFL has revisited the Quality Policy for ISO 9001 – 2008 standards and amended per MFL requirements after obtaining approval from CMD. The revised policy has been exhibited throughout the Company and made available to the interested parties and stakeholders through company website with effect from 24.05.2010.

MFL has obtained ISO 9001:2008 certification on Quality Management System which has been upgraded from ISO 9001 – 2000 version and it is valid up to December 29, 2013.

MEMORANDUM OF UNDERSTANDING

The Company entered into MOU with Department of Fertilizers (DOF), Government of India for the year 2011-12 on March 25, 2011 setting up targets for performance of the Company in terms of production, sales and other parameters.

VIGILANCE

Preventive vigilance is the main theme of the Vigilance Department. The stress is on transparency and accountability in the working of the company. Leveraging technology for corporate governance was the highlight of the Vigilance activities during the year. File tracking system and displaying the status of payment to contractors / vendors on Company's website on a monthly basis have been introduced by the Management at the instance of the Vigilance. Vigilance has ensured that a Complaint Handling Policy has been put in place by the Management for receipt, processing and disposal of all complaints in line with the directive of the Central Vigilance Commission (CVC).

Besides providing the Management necessary guidelines in various areas particularly tendering based on extant CVC guidelines, Vigilance has also conducted workshops on vigilance aspects for line managers. Almost all the pending investigations have been completed by the Vigilance and all pending disciplinary proceedings pursued with the Management for completion.



In addition to the above, Vigilance Awareness Week has been observed, property returns of employees were scrutinized, high value contracts were reviewed, CTE (Chief Technical Examiner) type inspections were conducted and status of dishonour of cheques by dealers and collection details was reviewed.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Manpower & Training

The total strength of MFL as on 31.03.2011 is 765 as against 802 for the period ending 31.03.2010. 333 employees have been trained on Behavioural & Technical subjects.

Voluntary Retirement Scheme

Two employees have availed Voluntary Retirement Scheme during the year 2010-11. The VRS Scheme was closed effective Jan 24, 2011.

INDUSTRIAL RELATIONS

During the year 2010-11, 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 to the winners.

SC / ST WELFARE ACTIVITIES

The presidential Directives and various guidelines issued by the Government of India relating to the welfare of SC/ST were scrupulously followed during the year. A separate Liaison Officer for SC/ST at DGM Level, nominated for this purpose ensures implementation of Government Directives. MFL is constantly reviewing the vacancies reserved for SC/ST and taking concerted efforts to fill up such vacancies.

Recasting of Post Based Rosters is being done by Shri S M Gupta from Integrated Training and Policy Research, New Delhi for Direct Recruitment and Promotions carried out by the Company since July 2, 1997.

CORPORATE SOCIAL RESPONSIBILITY

Your Company considers Corporate Social Responsibility as one of the pivotal functions to accelerate the process of over all sustainable development and more significant contribution for the upliftment of society.

During the year, an amount of ` 15 lakhs was spent on Manali Municipality for construction for Water Storage Supply tank and Compound Wall around the same.

Also a sum of ` 1 lakh was donated to ANUSARAN, a Charitable Institution at New Delhi which is a Shelter Centre for destitute women and works for women's empowerment in our country.

INVESTOR RELATIONS CELL (IRC)

Company created IRC headed by the Chief Finance Officer(ED-F) with members from various groups of Company to create awareness of the Company's strengths and ensuring timely communication to all shareholders.

DIRECTORS

Government of India have appointed Shri Sham Lal Goyal, IAS, Joint Secretary, DOF in place of Shri Satish Chandra, IAS, on the Board of the Company effective November 3, 2010.

The Board placed on record the valuable and outstanding contributions for the substantial and sustainable development of the Company made by the outgoing Director Shri Satish Chandra, IAS during his tenure as Director on the Board.

AUDITORS

The Government of India have appointed M/s. A. V. Deven & Co., Chartered Accountants, Chennai as Statutory Auditors of the Company for the year 2010-11.



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 as amended 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 this 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 wish to place on record their appreciation for the continued unstinted support of Government of India, Department of Fertilizers, Government of Tamilnadu, NICO, Financial Institutions, Banks, Depositors and all stakeholders during the year. Your Directors further convey their gratitude to the Department of Fertilizers for the settlement of subsidy bills on priority basis and to the dealers and farmers for their sustained support to the Vijay products. Your Directors also

place on record their appreciation for the dedication, commitment and sincere services rendered by all employees for sustained high production in the difficult times.

By order of the Board

Chennai
29.07.2011

Satish Chandra
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 2010-11	Previous Year 2009-10
A. Power and fuel consumption			
1. Electricity			
(a) Purchased			
Unit (lakhs) *		1037.014	1015.589
Total amount (` lakhs)		5025.290	4506.209
Rate / unit (`)		4.85	4.44
* Includes power consumed at TTP, Kodungaiyur			
(b) Own generation			
(i) Through diesel generator (Solar make Gas Turbine sets)			
Unit (lakhs)		0	0
Diesel consumption (KL)		0	0
Units per ltr. of diesel oil		-	-
Cost / Unit (`)		-	-
(ii) Through diesel generators			
Units (lakhs)		22.011	7.4919
Diesel consumption (KL)		660.610	225.600
Units per ltr. of diesel oil		3.332	3.320
Cost / unit (`)		11.79	10.26
2. Coal		Not applicable	Not applicable
3. Furnace oil & LSHS			
Quantity (tonnes)		110612	111871
Total cost (` lakhs)		36835.287	31799.896
Average rate (` per tonne)		33301.34	28425.54
4. Others/generation:		Nil	Nil
B. Consumption per unit of production	FICC Norm	2010-11	2009-10
(a) Product : Ammonia			
Electricity (KWH)	115.000	86.278	97.862
Fuel oil + LSHS (MT)	0.2341	0.2108	0.2393
Naphtha (MT)	0.7829	0.7608	0.7766
(b) Product: Urea			
Electricity (KWH)	202.000	161.347	166.341
Fuel oil + LSHS (MT)	0.1309	0.1073	0.1148
(c) Product: NPK			
Electricity (KWH)	43.410	-	-
Fuel oil + LSHS (MT)	0.0069	-	-



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.	Nil
2	Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.	Nil
3	Details of imported technology (imported during the last 5 yrs reckoned from the beginning of the financial year)	Nil

FOREIGN EXCHANGE EARNINGS AND OUTGO

	2010-2011
1. Activities relating to export	Nil
2. Total Foreign Exchange used	(` Cr)
a) Components & Spare Parts	19.33
b) Books & Periodicals	0.02
Total	<u>19.35</u>
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, 2011, 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 Biofertilizers and marketing Fertilizers, Bio-fertilizers and eco friendly Agro Chemicals under the brand name "VIJAY".

MFL recently entered in to a new venture of marketing Organic Manure (Vijay Organic) to protect the soil health and fertility. The product will be made available to farmers very shortly.

Introduction / Vision

In the year 2010-11 good rainfall received in the marketing territory. All the reservoirs received sufficient water. The crop coverage was near to normal in all the southern states.

The produce price of cotton ` 7,000 per quintal and Rubber ` 23,000 per quintal was all time high. The produce price of Maize was over taken by the produce price of wheat. Farmers are changing the cropping pattern depending on the remunerative prices of commodities.

The consumption of Urea has touched 56 lakh MT against the 49 lakh MT of 2009-10. The Complex fertilizers and DAP sales were 63.9 lakh MT against the CPLY sales 53.66 lakh MT in all the southern States.

Fertilizer Sector

The Cabinet decided to form an Inter Ministerial Committee(IMC) to finalize the Nutrient Based Subsidy(NBS) while increasing the maximum retail price of urea to ` 5,310 per MT from the current ` 4,830 per MT.

Approving the implementation of NBS on decontrolled phosphatic and potassic fertilizer with effect from April 1, 2010 the Cabinet decided to fix the subsidy on nutrients - Nitrogen(N), Phosphorous(P), Potash(K) and Sulphur(S) contents for the year 2010-11

In addition to the fixed subsidy on above mentioned nutrients, there will be an additional per metric tone subsidy for subsidized fertilizer carrying other secondary nutrients and micro nutrients in formulations approved under FCO 1985.

The NBS regime is expected that new innovative fertilizer products would be developed subsequently under the NBS regime to meet the different requirements of Indian agriculture while showing the actual demand for fertilizer.

According to the government, the unshackling of fertilizer subsidy may also attract fresh investments into the sector.

Production of NPK :

Consequent to notification of additional compensation for complex fertilizers produced by using captive ammonia based on Naphtha under NBS Policy, Company plans to start production of complex fertilizers.



Phosphoric Acid is a key requirement and its availability is crucial and very much restricted in the international market. The possibility of entering into long time arrangement with global suppliers is being explored. Once the availability of Phosphoric Acid is ensured then the emphasis would be to start production of 17-17-17 which has good market potential. In addition to Phos Acid, MOP will also be required for which efforts are being made to procure the same. Till the time, MOP is sourced for production of 17-17-17, MFL intends to manufacture 20-20-0-13 by using Ammonium Sulphate.

Efforts are being made to get additional LC limits from bankers in which case MFL will be able to start sourcing raw material by itself.

Meanwhile, the Company is planning to procure raw materials with the strength of comfort letter from Government of India.

Production, Import, Consumption of Major Fertilizers

The figures of production, import and consumption of major fertilizers viz, Urea and NPK complexes for the period 2004-05 onwards are given in the table below:

UREA

(LMT)

Year	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Production	202.63	200.98	202.71	198.39	199.22	211.17	218.82
Consumption	205.48	222.90	243.38	261.71	266.51	264.51	282.23
Imports	6.41	20.57	47.18	69.28	56.67	52.09	66.09

NPK

(LMT)

Year	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Production	53.63	67.64	73.13	58.54	38.42	80.58	87.55
Consumption	53.63	66.94	67.92	65.61	38.42	81.98	98.30
Imports	—	—	—	—	—	—	11.69

MFL PRODUCTION OF UREA /NPK FERTILIZERS

(LMT)

Year	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Urea Production	4.73	3.68	4.73	4.40	4.05	4.36	4.79
NPK Production	3.29	2.05	0.57	0.35	—	—	—

MFL PRODUCTION OF BIO FERTILIZERS

(MT)

Year	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Bio-Fert. Production	213.00	234.850	228.20	388.27	461.69	436.87	452.64

Demand

The agriculture commodity prices coupled with good monsoon triggered fertilizer demand. There was a gap between supply and demand continuously during the year 2010 -11. Same situation is expected in the current year.



All the manufactures could sell the fertilizer products comfortably without maintaining any inventory and without offering any rebates.

All India Demand Forecast of Fertilizer Nutrients: 2011-12 to 2014-15

(LMT)

Year	N	P ₂ O ₅	K ₂ O	Total	Ratio	
					NPK	NP
2011-12	163.1	76.1	33.0	272.7	4.94 : 2.31 : 1	2.14 : 1
2012-13	167.6	79.3	34.8	281.7	4.82 : 2.78 : 1	2.11 : 1
2013-14	172.2	82.7	36.7	291.6	4.69 : 2.25 : 1	2.08 : 1
2014-15	176.75	86.00	47.00	309.75	3.8 : 1.80 : 1	2.10 : 1

The forecast figures shows that there will be reduction in "N" usage compared to P₂O₅ and K₂O.

Product wise Demand Forecast of Fertilizer Products for 2011-12

(LMT)

Year	Urea	DAP	Complex Fertilizers	SSP	MOP*
2011-12	287.55	95.10	93.30	45.60	37.40

* Direct Consumption

FEEDSTOCK SCENARIO

At present Natural Gas based Plants account for more than 66% of Urea capacity, Naphtha is used for less than 30% Urea production and the balance capacity on fuel oil and LSHS as feedstock. Natural gas has been the preferred feedstock for the manufacture of Urea over other feedstock viz. Naphtha and FO / LSHS, as it is economical, cheap efficient source of energy which has direct impact on the quantum of subsidy on Urea.

With respect to Naphtha / LSHS / FO based units, feed stock accounts for 75% of the total cost of production of Urea. In respect of gas based units, the feed stock accounts for 60% of cost of production.

In order to make the Plant compatible with gas, the Company has carried out the feasibility study for feed stock conversion from Naphtha to Natural Gas. Based on the study, a detailed Engineering Design Package is being carried out by MFL Ammonia Plant Process Licensor, M/s Haldor Topose (A/S), Denmark. M/s Projects Development India Ltd. (PDIL) is looking after the Engineering Procurement Construction Management (EPCM) contract for handling the project. It is expected that the project will be completed before December 2012. As per Annual report of DOF for the year 2010-11, the pipeline connectivity of gas to MFL is expected by December 2012.

In the event of any unforeseen delay in supply of gas by RIL, as an alternate strategy, the Company is examining the feasibility to source LNG from IOCL's proposed LNG terminal at Ennore.



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 until further orders with effect from April 1, 2011.

The Stage IV of New Pricing Scheme for Urea is still under the consideration of the Government .

After a long gap, effective April 1, 2010, Government increased the sale price of Urea, Zincated Urea and Anhydrous Ammonia and fixed the prices as ` 5310/MT, ` 5852/MT and ` 8480/MT respectively.

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. The fertilizers containing Sulphur is also eligible for this scheme which will encourage the application of Sulphur along with primary nutrients (N, P & K). Department of Fertilizers regulates the movement of 20% of the decontrolled fertilizers produced/imported in India to bridge the supplies in under served areas under ECA. Freight subsidy on the decontrolled fertilizers is restricted to the rail freight. Freight subsidy for direct road movement would be subject to lowest cost of actual freight and equivalent to rail freight for a maximum distance of 500 KM.

Government of India permitted Manufacturers of customized fertilizers and mixture fertilizers to source subsidized raw materials from indigenous manufacturers / importers and there is no separate subsidy on sale of customized fertilizers and mixture fertilizers.

Additional subsidy is also provided for the complex fertilizers for the units using Naphtha based Captive Ammonia to compensate for higher cost of production of 'N' for a maximum period of two years effective April 01, 2010 subject to a condition that the units will have to convert to gas or use imported Ammonia thereafter.

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 clearly.

The per kg NBS for nutrients 'N' 'P' 'K' & 'S' for 2011-12 with effective from April 1, 2011 would be as follows:

Sl.No	Nutrients	NBS per KG of Nutrient (`)
1	N	27.153
2	P	32.336
3	K	26.756
4	S	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

Emerging major challenges before the Indian fertilizer industry relates to the incertitude in the supply of fertilizers, the rise in prices of major raw materials, increasingly volatile International market and rise in the working capital requirements of fertilizer firms in addition to the historical challenges associated with the rural markets. The Company has 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 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.



ANNEXURE - IV

AUDITORS REPORT ON CORPORATE GOVERNANCE

To
The Members of Madras Fertilizers Ltd

We have examined the compliance of conditions of Corporate Governance by Madras Fertilizers Ltd for the year ended March 31, 2011 as stipulated in Clause 49 of Listing Agreement of the said Company with Stock exchange.

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

In terms of Listing Agreements, 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.

As per provisions of Sec 383A of the Companies Act 1956, every Company having a Paid Up Capital of not less than ₹ 5 Cr (as prescribed by Notification No.GSR 11 (E) dated 05.01.2009) should have a Whole time Secretary. The company does not have a Whole time Company Secretary from January 2008, thus violating the provisions of 383A.

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 Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned 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 Registrars and Share Transfer Agents of the Company, there were no investors grievances remaining unattended / pending for more than 30 days as at March 31, 2011.

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

For **A. V. DEVEN & CO**
Chartered Accountants
FRN 000726S

CA. R. RAGHURAMAN
Partner
M.No.201760

Chennai
29.07.2011

ANNEXURE – V

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

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

All Board Members and Senior Management personnel affirmed compliance with the code for the financial year 2010-11.

Chennai
29.7.2011

Satish Chandra
Chairman & Managing Director

**REPORT ON CORPORATE GOVERNANCE**

(Pursuant to Clause 49 of the Listing Agreement & DPE Guidelines)

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 seven members with varied fields of experience like Finance, Technical etc. Government of India vide its order 84/2/2007/HRI dated 20.12.2010 entrusted the post of Chairman & Managing Director to Shri Satish Chandra, I.A.S., Joint Secretary (A & M & CVO), Department of Fertilizers, Government of India as additional charge. The Board of Directors comprise of Director – Technical, two Directors nominated by the Government of India (Promoter), three Directors nominated by the Naftiran Intertrade Co. Ltd., (Co-Promoter). As the Company is a Government of India Undertaking under the administrative control of the 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. Government of India as additional charge. DOF's communication on appointment of independent directors is awaited.

Meetings

Seven Meetings of Board of Directors were held during the year Apr 2010 – March 2011. The dates of the Board Meetings are:

19-05-10	26-07-10	07-09-10	19-10-10	30-12-10	25-01-11	24-03-11
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Management Committee

Management Committee comprises M/s.Satish Chandra (upto November 2, 2010 & from December 20, 2010) / M. Sagar Mathews (upto December 19, 2010), Dr. V. Rajagopalan, Shri Sham Lal Goyal (from November 3, 2010) and H Pouransari. 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 2010-11 and at the last AGM on 07.09.2010 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
Shri Satish Chandra (from 20.12.10) (up to 02.11.10)	CMD / ED	4	3	-	-	-
	Non-Executive Director	-	4	Yes	-	-
Shri M Sagar Mathews (up to 19.12.10) (from 20.12.10)	CMD / ED	3	4	Yes	-	-
	Executive Director	-	3	-	-	-



MADRAS FERTILIZERS LIMITED

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 V Rajagopalan	Non-Executive Director	5	6	-	-	-
Shri Sham Lal Goyal (from 3.11.2010)	Non-Executive Director	4	3	-	-	-
Shri Mansoor Rad	Non-Executive Director	1	4	Yes	-	1
Shri M H Ghodsi	Non-Executive Director	1	4	Yes	-	-
Shri H Pouransari	Non-Executive Director	-	2	-	-	-
Shri P N Swaminathan (up to 24.01.2011)	IFCI Nominee Independent Director	4	3	-	-	-

Audit Committee

Four Audit Committee meetings were held during the financial year 2010-2011 and the dates of the Audit Committee Meetings are:

19.05.10	26.07.10	19.10.10	25.01.11
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Name of the Audit Committee Members	Status	No of Meetings Attended
Dr V Rajagopalan	Chairman	3
Shri Satish Chandra (up to Nov 2, 2010)	Member	3
Shri Sham Lal Goyal (from Nov 3, 2010)	Member	1



MADRAS FERTILIZERS LIMITED

Name of the Audit Committee Members	Status	No of Meetings Attended
Shri Mansoor Rad	Member	3
Shri M H Ghodsi	Member	3
Shri P N Swaminathan (up to Jan 24, 2011)	Member	1

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 Shri M Sagar Mathews is ` 15,95,446/-. Apart from it, due to salary revision, the arrears of remuneration paid to Shri S Muralidharan and Shri Sukumar N Oommen is ` 9,36,744 and ` 2,69,722 respectively.

No remuneration is paid to non-executive directors other than Sitting Fee to Institutional Nominee Director for attending the Board / Committee Meetings during the year.

Shareholders' / Investors' Grievance Committee

Investors' Grievance Committee meetings were held on May 19, 2010 and January 25, 2011. The Committee comprises Shri Satish Chandra, CMD (from December 20, 2010), Shri M Sagar Mathews and Mr H Pouransari 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
Shri M Sagar Mathews	Chairman	1
	Member	1
Shri Satish Chandra	Chairman	1
Shri H Pouransari	Member	2



MADRAS FERTILIZERS LIMITED

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, 19 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, 2011.

Compliance Officer: Action is initiated to appoint a new Company Secretary & Compliance Officer as the existing Company Secretary has left the Organisation.

General Body Meetings

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

Year	Venue	Date	Time
2009-2010	MFL Training Centre Auditorium (North Gate Entrance) MFL Plant Manali, Chennai – 600 068	07/09/2010 (Tuesday)	2.30 P.M.
2008-2009	MFL Training Centre Auditorium (North Gate Entrance) MFL Plant Manali, Chennai – 600 068	08/09/2009 (Tuesday)	2.30 P.M.
2007-2008	MFL Training Centre Auditorium (North Gate Entrance) MFL Plant Manali, Chennai – 600 068	09/09/2008 (Tuesday)	3.00 P.M.

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

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 Maalai Murasu. 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 13, 2011
Time : 2.30 P.M
Venue : MFL Training Centre
Financial Year : April 2010 – March 2011
Book Closure Date : 09.09.2011 to 13.09.2011
Dividend Payment : Nil

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

Listing on Stock Exchanges :

National Stock Exchange of India Ltd
The Company has paid the listing fees to the stock exchange in time.

Stock Code / Symbol :

National Stock Exchange of India Ltd : MADRASFERT



MADRAS FERTILIZERS LIMITED

High / Low share prices during the year April 1, 2010 to March 31, 2011.

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 2010	16.60	13.60	6,677.56	6,467.49	12,17,712	180.66
May	15.95	13.20	6,491.43	5,980.08	11,84,549	173.85
Jun	20.70	15.70	6,684.61	6,186.03	29,51,665	551.81
Jul	20.00	16.35	6,812.99	6,541.23	14,95,244	276.56
Aug	19.30	16.00	6,937.50	6,762.76	17,39,216	311.98
Sep	24.00	17.10	7,562.13	6,850.39	59,41,139	1,259.48
Oct	23.20	18.75	7,810.52	7,495.03	52,10,169	1,098.52
Nov	30.70	19.00	7,917.48	7,214.47	1,61,49,940	4,033.49
Dec	25.45	18.00	7,698.29	7,232.70	81,41,022	1,722.99
Jan 2011	24.15	17.95	7,727.31	6,910.76	62,75,923	1,326.20
Feb	23.90	17.85	6,963.79	6,560.54	69,92,020	1,477.87
Mar	24.40	20.65	7,327.83	6,738.10	57,32,946	1,275.37

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. The period of service of IEL has been extended for two more years effective April 01, 2010. Share Transfer Committee attends to share transfer formalities every fortnight.

Share Transfer Agent & Depository Registry

M/s Integrated Enterprises (India) Ltd
Kences Towers
1, Ramakrishna Street
T Nagar
Chennai 600 017
Phone 091-044 - 2814 0801 to 803
Email : corpserv@iepindia.com

Dematerialisation of Shares:

MFL has connectivity with both NSDL and CDSL
ISIN No : INE 414A01015

60693189 equity shares (representing 37.67% of total shares) have been dematerialized as of March 31, 2011. In terms of number of shareholders, 63.28% of shareholders have dematted their shares.



Distribution of Shareholding

The distribution of shareholding as on March 31, 2011 is as follows:

Category	Physical			Electronic			Total		
	No. of Share Holders	No. of Shares	% of Shares	No. of Share Holders	No. of Shares	% of Shares	No. of Share Holders	No. of Shares	% of Shares
Up to 500	6,909	19,65,811	1.22	11,170	24,21,482	1.50	18,079	43,87,293	2.72
501-1000	1,934	18,87,400	1.17	2,586	24,02,420	1.49	4,520	42,89,820	2.66
1001-2000	218	3,94,600	0.24	931	15,57,642	0.97	1,149	19,52,242	1.21
2001-3000	39	1,10,500	0.07	292	7,91,774	0.49	331	9,02,274	0.56
3001-4000	6	21,100	0.01	128	4,73,331	0.29	134	4,94,431	0.31
4001-5000	18	89,900	0.06	188	9,16,977	0.57	206	10,06,877	0.63
5001-10000	10	87,600	0.05	252	20,11,405	1.25	262	20,99,005	1.30
Above 10000	1	9,58,51,200	59.50	195	5,01,18,158	31.11	196	14,59,69,358	90.61
TOTAL	9,135	10,04,08,111	62.33	15,742	6,06,93,189	37.67	24,877	16,11,01,300	100.00

Category of Shareholders as on March 31, 2011 is as follows:

Category	Physical			Electronic			Total		
	No. of Share Holders	No. of Shares	% of Shares	No. of Share Holders	No. of Shares	% of Shares	No. of Share Holders	No. of Shares	% of Shares
Government/ Promoters	7	9,58,51,700	59.50	Nil	Nil	Nil	7	9,58,51,700	59.50
Foreign Promoters	Nil	Nil	Nil	1	4,15,16,500	25.77	1	4,15,16,500	25.77
Banks	13	34,600	0.02	4	2,54,050	0.16	17	2,88,650	0.18
Mutual Fund	1	2,400	0.00	Nil	Nil	Nil	1	2,400	0.00
Bodies Corporate	84	1,56,001	0.10	367	35,46,465	2.20	451	37,02,466	2.30
Resident Indian	9,030	43,63,410	2.71	15,171	1,46,66,060	9.10	24,201	1,90,29,470	11.81
NRI	Nil	Nil	Nil	82	2,40,962	0.15	82	2,40,962	0.15
FII	Nil	Nil	Nil	1	1,20,957	0.08	1	1,20,957	0.07
Clearing Member	Nil	Nil	Nil	116	3,48,195	0.22	116	3,48,195	0.22
Total	9,135	10,04,08,111	62.33	15,742	6,06,93,189	37.67	24,877	16,11,01,300	100.00



MADRAS FERTILIZERS LIMITED

Type	No. of shares	%	No of shareholders	%
Physical	10,04,08,111	62.33	9,135	36.72
Electronic	6,06,93,189	37.67	15,742	63.28
Total	16,11,01,300	100.00	24,877	100.00

Category	No. of shares	%
GOI	9,58,51,700	59.50
NICO	4,15,16,500	25.77
Others	2,37,33,100	14.73
Total	16,11,01,300	100.00

Plant Location : Manali, Chennai 600 068

The Address for correspondence is

G Alagarsamy
Company Secretary (Acting)
Madras Fertilizers Limited
Manali, Chennai 600 068
Tel : 044 – 25941001 / 25941201 Extn : 3456
Dir : 044 – 2594 2281
Fax : 2594 3033
Email : cs@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, CHENNAI FOR THE YEAR ENDED
31 MARCH 2011**

The preparation of the financial statements of **MADRAS FERTILIZERS LIMITED, CHENNAI** for the year ended 31 March 2011 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 auditing and assurance standards 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 10 June 2011.

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, CHENNAI**, for the year ended 31 March 2011. 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. In view of the revisions made in the Statutory Auditor's Report, as a result of my audit observations highlighted during supplementary audit, I have no further comments to offer upon or supplement to the Statutory Auditor's Report under Section 619 (4) of the Companies Act, 1956.

(A. ROYCHOU DHURY)

Chennai
16.06.2011

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
AND EX-OFFICIO MEMBER AUDIT BOARD



MADRAS FERTILIZERS LIMITED

COMMENTS OF THE STATUTORY AUDITORS M/s A V DEVEN AND CO, CHARTERED ACCOUNTANTS, CHENNAI ON THE ACCOUNTS OF MADRAS FERTILIZERS LIMITED FOR THE YEAR 2010-11	THE COMPANY'S REPLIES UNDER SECTION 217 (3) OF THE COMPANIES ACT, 1956
<p>2 (e) The Company has not complied with Accounting Standard on Valuation of Inventories (AS-2) and Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets (AS-29).</p> <p>The impact of the above non-compliance is detailed in para f(i) to f(v) below:</p>	
<p>2f (i) Note No.20B (ii) regarding accounting of a sum of ` 50.99 crores towards escalation in input prices. Adjustments may arise in future in respect of the above, on final payment.</p>	<p>FICC have not notified the final concession rates for 2010-11. Hence the Company has realistically estimated the escalation as disclosed under the Significant Accounting Policies - Schedule 20 (A) 10.</p>
<p>2f (ii) Note No.20 B (vi) regarding a sum of ` 63.09 lakhs deposited till date with ESI authorities for which in our opinion, a provision should have been made. The current year's profit is overstated and accumulated losses are understated and the loans and advances are overstated to the same extent.</p>	<p>The Company has already filed a Writ Appeal against the orders passed in ESI WP No.14642/2006 and got interim stay until further orders and notice. As the matter is subjudice, no provisioning at this stage is considered necessary as opined by our Legal Counsel.</p>
<p>2f (iii) In our opinion, the following long pending amounts included in Loans and Advances (Claims Recoverable) should have been charged off to Profit and Loss Account:</p> <ul style="list-style-type: none"> • ` 19.25 Lakhs from S&G Engineers • ` 28.93 Lakhs under Price Concession Scheme • ` 35.72 Lakhs receivable from South Central Railway • ` 0.70 Lakhs due from Pan Queen • ` 0.67 Lakhs due from Radiant Star <p>The current year's profit is overstated and the accumulated losses are understated and loans and advances are overstated to the extent of ` 85.27 Lakhs.</p>	<ul style="list-style-type: none"> • In respect of S&G Engineers, Company would take a final view in 2011-12 based on Board authorisation. • Regarding Price Concession Scheme, the company has taken up the matter with Department of Fertilizers which formed a committee for processing the old claims. Besides, per DOF letter No.5-8/98FD(CE) (Part-File) dt 09.11.2010, copies of old claims in respect of sale of P&K fertilizers were furnished. The Company is of the opinion that these claims are legitimate and would be settled. Hence retained in books. • With regard to South Central Railway, final hearing was over on 18.02.2011 and judgement is reserved. Since the matter is subjudice, no provision is considered necessary. The Company is confident of getting a favourable decision. • The Company is pursuing the claims with Customs in respect of Pan Queen and Radiant Star and confident of getting the settlement shortly. Hence retained in books. <p>In view of the foregoing, charging the above amounts to Profit and Loss Account at this stage is not considered necessary.</p>



MADRAS FERTILIZERS LIMITED

<p>2f (iv) Note No. 20A (7) 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 realizable value (NRV).</p>	<p>Ammonia is only an intermediary and not a finished product for the Company as it is meant for captive consumption only. As per the Government guideline, Urea manufacturers are not allowed to sell Ammonia unless declared as surplus with prior permission of GOI.</p> <p>Being industry practice, valuation of Ammonia at cost is adequately disclosed under Significant Accounting Policies 20(A) 7 (v).</p>
<p>2f(v) Balances in the accounts of loans from GOI / Financial Institutions, Debtors, Creditors, Claims Recoverable and other Parties included under Loans and Advances are subject to reconciliation, confirmation and consequential adjustments (Refer Note No.25(b)).</p> <p>The effect of para f(i), (iv) and (v) on the accounts is not ascertainable and para f (ii) and f(iii) above have the net effect of overstatement of profit, understatement of accumulated losses, and overstatement of loans and advances by ` 148.36 Lakhs.</p>	<p>Adequate disclosure in this regard is made under note 25(b) annexed to Accounts. The Company has obtained confirmation from most of the high value debtors and creditors. Hence, there is no possibility of consequential adjustments.</p>
ANNEXURE TO THE AUDITORS' REPORT	
<p>1.a Location details in respect of furniture and fixtures and office equipments.</p>	<p>Location details are being updated and shall be completed during 2011-12</p>
<p>7 The Company has an in house internal audit system, which needs to be adequately strengthened commensurate with the size of the company and nature of its business with Professionally qualified persons.</p>	<p>The Internal Audit has been strengthened with professionally qualified staff during the year.</p>

For A. V. DEVEN & CO
Chartered Accountants
FRN 000726S

For and on behalf of the Board of Directors

CA.R. RAGHURAMAN
Partner
M No.201760

SATISH CHANDRA
Chairman & Managing Director

May 20, 2011

May 20, 2011



**REPORT OF THE AUDITORS
(REVISED)**

To

**The Members of
Madras Fertilizers Ltd.,
Chennai-600 068.**

We have audited the attached Balance Sheet of Madras Fertilizers Ltd, Chennai as at 31st March, 2011 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order 2003, issued by the Central Govt. of India in terms of sub-section (4A) of Section 227 of the Companies Act 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

2. Further to our comments in paragraph 1 above:

a) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.

b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.

c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.

d) The Department of Company Affairs has clarified that the provisions of clause (g) of sub section (1) of section 274 of the Companies Act 1956 are not applicable to Government Companies.

e) The Company has not complied with Accounting Standard on Valuation of Inventories (AS-2) and Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets (AS-29). The impact of the above non-compliance is detailed in Para f (i) to f (v) below. Subject to the foregoing, in our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in section 211(3C) of the Companies Act 1956.

f) Attention is invited to the following:

i) Note No.20B (ii) regarding accounting of a sum of ` 50.99 crores towards escalation in input prices. Adjustments may arise in future in respect of the above, on final payment.

ii) Note No.20B (vi) regarding a sum of ` 63.09 lakhs deposited till date with ESI authorities for which, in our opinion, a provision should have been made. The current year's profit is overstated and accumulated losses are understated and the loans and advances are overstated to the same extent.



**ANNEXURE TO THE AUDITORS' REPORT (CARO)
(REVISED)**

With reference to the Annexure referred to in paragraph 1 of the Auditors' Report of even date to the Members of the Madras Fertilizers Ltd on the accounts for the year ended 31st March 2011, we report that:

1. a. The Company is maintaining proper records showing particulars including quantitative details and situation of fixed assets, other than location details in respect of furniture and fixtures and office equipments.
- b. As informed to us, the fixed assets have been physically verified under a phased programme (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 a substantial part of its 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 outside agency in a phased manner so as to complete the verification of all items over a period of three years. Finished goods and other inventory stored outside the factory premises are taken as per warehousing certificates and third party confirmation respectively. In our opinion, the frequency of verification of inventory is reasonable. Third party confirmation has not been received in 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 the physical verification of inventory followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company is maintaining 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. As per the information furnished, the Company has not granted or taken any loans, secured or unsecured, to/from Companies, firms or other parties covered in the register

maintained under Section 301 of the Companies Act, 1956. Hence reporting under Clause 4(iii)(b)/(c)/(d)/(e)/(f) and (g) of the Order is not applicable to the Company.

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 nature of its business with regard to purchase of inventories and fixed assets and for the sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of major weakness in the aforesaid internal control procedure.
5. According to the information and explanations given to us, there are no transactions that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956. Accordingly Clause 4(v)(a) and 4(v)(b) of the Order is 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. Based on records produced to us there has not been any default on payment of deposits and hence provision of Section 58 AA of the Companies Act is not attracted.
7. The Company has an in house internal audit system, which needs to be adequately strengthened commensurate with the size of the company and nature of its business, with professionally qualified persons.
8. We have broadly reviewed the books of account maintained by the Company in respect of its product / Fertilizers 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 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. Based on our review, it is noticed that there is no delay in remittance of undisputed statutory dues to ESI and EPS. Excise Duty, Customs Duty and Service Tax have generally been remitted in time. We are informed that the company has no liability towards Wealth Tax, Cess and Investor Education and Protection Fund.
- b. According to information and explanations given to us, no undisputed amount payable in respect of Income-tax, Wealth tax, Service Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March 2011 for a period of more than six months from the date they become payable.



MADRAS FERTILIZERS LIMITED

- c. Based on review, the dues of Excise Duty and Customs Duty, which have not been and the sales tax which has been deposited on account of disputes and the forum where the dispute is pending, are as given below:

Sl. No.	Name of the Statute	Nature of the 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	Appeal to CESTAT under Progress
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.	Dec 2003	47.05	Sales Tax Appellate Tribunal
3.	Customs Act	Differential Customs Duty claimed by Commissioner of Customs	1998	6,586.00	Commissioner of Customs (Appeals)

10. The company has accumulated losses of ` 617.19 Cr at the end of the financial year, which is more than its net worth. The company has not incurred cash loss in the current and intermediately preceding financial year.
11. The Company has not defaulted in repayment of dues to Financial Institutions or bank or debenture holders.
12. Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. Clause 4(xiii) of the Order is not applicable to the Company as the Company is not a chit fund company or nidhi /mutual benefit fund / society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the order are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee of loan taken by others from banks or financial institutions.
16. According to the information and explanations given to us, the term loans raised during the year have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that short-term funds have not been used for long term uses.
18. The company has not made any preferential allotment of shares during the year.
19. The company has not issued any debentures during the year.
20. The company has not raised any money by public issues during the year covered by our report.
21. To the best of our knowledge and belief according to the information and explanations given to us, no material fraud on or by the Company was noticed or reported during the year.

For A. V. DEVEN & CO
Chartered Accountants
FRN 000726S

CA. R. RAGHURAMAN
Partner
M.No.201760

Chennai
June 10, 2011



MADRAS FERTILIZERS LIMITED

BALANCE SHEET

As at March 31, 2011

(` Crores)

	Schedule	March 31, 2011	March 31, 2010
SOURCE OF FUNDS			
Shareholders Fund			
a. Share Capital	1	162.14	162.14
b. Reserves and Surplus	2	<u>12.39</u>	<u>12.39</u>
		174.53	174.53
Loan Funds			
a. Secured Loans	3	75.13	366.57
b. Unsecured Loans		<u>651.74</u>	<u>542.62</u>
		<u>726.87</u>	<u>909.19</u>
		<u>901.40</u>	<u>1083.72</u>
APPLICATION OF FUNDS			
Fixed Assets :			
a. Gross Block	4	895.44	885.32
b. Less : Depreciation Reserve		<u>636.08</u>	<u>596.37</u>
c. Net block		259.36	288.95
d. Capital Work in progress		1.54	2.13
e. Dismantled assets		<u>0.01</u>	<u>0.02</u>
		260.91	291.10
Investments	5	0.40	0.40
Current Assets			
Inventories	6	202.22	160.96
Debtors	7	0.75	1.40
Cash and Bank Balances	8	<u>12.12</u>	<u>48.33</u>
		<u>215.09</u>	<u>210.69</u>
Loans and Advances			
Loans	9	0.75	0.97
Advances and Deposits		22.29	16.15
Claims Recoverable		<u>138.79</u>	<u>141.26</u>
		<u>161.83</u>	<u>158.38</u>
Total Current Assets	c/o	376.92	369.07



MADRAS FERTILIZERS LIMITED

BALANCE SHEET

As at March 31, 2011 (contd.)

(` Crores)

	Schedule	March 31, 2011	March 31, 2010
	b/f	376.92	369.07
Less : Current Liabilities and Provisions	10	<u>354.02</u>	<u>363.90</u>
Net Current Assets		22.90	5.17
Profit and Loss Account		617.19	787.05
		<u><u>901.40</u></u>	<u><u>1083.72</u></u>

Schedules 1 to 25 annexed hereto form part of these Accounts.

SATISH CHANDRA
Chairman and
Managing Director

M SAGAR MATHEWS
Director

K LAKSHMINARAYANA RAO
Executive Director - Finance

May 20, 2011

As per our Report of even date

For **A. V. DEVEN & CO**
Chartered Accountants
FRN 000726S

Chennai
May 20, 2011

CA. R. RAGHURAMAN
Partner
M. No.201760



MADRAS FERTILIZERS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended March 31, 2011

	Schedule		(` Crores)	
			2010-11	2009-10
GROSS SALES	11	270.07		210.66
Less: Excise Duty		0.08	269.99	-
SUBSIDY			<u>1,352.84</u>	<u>1,092.18</u>
INCOME FROM OPERATIONS			<u>1,622.83</u>	<u>1,302.84</u>
Less: Raw Materials Consumed	12	845.97		680.36
Power, Water & Fuel		434.14		377.89
Stores, Spares and Packing Materials		21.50		21.51
Repairs and Maintenance	13	31.60		19.57
Transportation and Warehousing	14	30.57		23.78
Salaries and other benefits to employees	15	143.17		43.73
Interest and Financing Charges	16	55.05		88.45
Bought Products				
- Potash		-		7.20
- Agrochemicals		0.97		0.99
Volume/Special Rebate		0.38		0.34
Depreciation		41.21		40.98
Other Expenses	17	17.47		18.83
Deferred Revenue Expenses Written Off				
- VRS Compensation		-		1.21
OPERATING EXPENSES			<u>1,622.03</u>	<u>1,324.84</u>
Add : (Accretion)/Decretion in inventory				
Opening Stock		59.66		28.76
Less: Transer to Manufacturing		0.12		-
		59.54		28.76
Less : Closing Stock		94.63		59.66
			<u>(35.09)</u>	<u>(30.90)</u>
COST OF SALES			<u>1,586.94</u>	<u>1,293.94</u>
OPERATING PROFIT/(LOSS)			<u>35.89</u>	<u>8.90</u>
Add : Other Income	18		10.94	6.18
Add : Extraordinary / Exceptional Items			<u>124.69</u>	<u>-</u>
	c/o		171.52	15.08



MADRAS FERTILIZERS LIMITED

PROFIT AND LOSS ACCOUNT

(` Crores)

For the year ended March 31, 2011 (Contd.)

	Schedule	2010-11	2009-10
	b/f	171.52	15.08
Provision for Bad and Doubtful Debts		(1.80)	(0.89)
Provision for Bad and Doubtful Debts - Written back		0.14	0.04
Prior Period Adjustments (Net)	19	-	(0.55)
PROFIT/(LOSS) FOR THE YEAR		169.86	13.68
Less: 01.01.1997 Arrears		-	6.80
PROFIT/(LOSS) AFTER APPROPRIATION		169.86	6.88
PROFIT/(LOSS) FOR THE YEAR BEFORE TAX		169.86	6.88
TAX PROVISION FOR THE YEAR		-	-
PROFIT/(LOSS) FOR THE YEAR AFTER TAX		169.86	6.88
Add : Debit Balance in Profit & Loss Account		(787.05)	(793.93)
b/f from previous year		-	-
DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT (C/o to Balance Sheet)		(617.19)	(787.05)
EARNINGS PER SHARE			
Profit / (Loss) available to members (` Cr)		169.86	6.88
Weighted Average number of equity shares used as denominator for calculating EPS		16,11,01,300	16,11,01,300
Basic and Diluted earnings per share (of ` 10 each)			
- Before extraordinary/exceptional items (`)		2.80	0.43
- After extraordinary/exceptional items (`)		10.54	0.43

Schedules 1 to 25 annexed hereto form part of these Accounts.

SATISH CHANDRA
Chairman and
Managing Director

M SAGAR MATHEWS
Director

K LAKSHMINARAYANA RAO
Executive Director - Finance

May 20, 2011

As per our Report of even date

For **A. V. DEVEN & CO**
Chartered Accountants
FRN 000726S

Chennai
May 20, 2011

CA. R. RAGHURAMAN
Partner
M. No.201760

**SCHEDULES TO ACCOUNTS**

	(` Crores)	
	March 31, 2011	March 31, 2010
1. SHARE CAPITAL		
AUTHORISED		
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		
16,59,98,200 Equity Shares of ` 10 each fully paid up	166.00	166.00
	<u>166.00</u>	<u>166.00</u>
SUBSCRIBED AND PAID-UP		
16,11,01,300 Equity Shares of ` 10 each fully paid up	161.10	161.10
Add : Shares Forfeited (20,76,600 Equity Shares of ` 5 paid up)	1.04	1.04
	<u>162.14</u>	<u>162.14</u>
2. RESERVES AND SURPLUS		
Share Premium Account	12.39	12.39
	<u>12.39</u>	<u>12.39</u>



MADRAS FERTILIZERS LIMITED

3. LOAN FUNDS				(` Crores)	
		March 31,		March 31,	
		2011		2010	
SECURED					
Cash Credit from Banks -		75.13		132.82	
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.					
Bills Accepted under L/C :		-		29.19	
Other loans :					
-	SASF(IDBI)	Principal	-	68.20	
		Interest accrued and due	-	62.26	130.46
-	IFCI	Principal	-	27.15	
		Interest accrued and due	-	41.85	69.00
-	IIBI	Principal	-	2.04	
		Interest accrued and due	-	0.40	2.44
-	LIC	Principal	-	2.21	
		Interest accrued and due	-	0.45	2.66
Secured by					
1. First mortgage on all immovable properties at Manali both present and future.					
2. Charge by way of hypothecation of all movables (except Book Debts and Inventories) including Machinery, Machinery spares, tools and accessories both present and future.					
		-	*	204.56	
		<u>75.13</u>		<u>366.57</u>	
* Principal due within one year ` NIL (Previous year ` 99.59 Cr)					
UNSECURED					
GOI	Principal	465.29		390.79	
	Interest accrued and due	<u>174.94</u>	640.23	<u>139.16</u>	529.95
HDFC Ltd	Principal	0.42		1.04	
	Interest accrued and due	<u>0.02</u>	0.44	<u>0.04</u>	1.08
Bonds - Face value of ` 1 lac each +			0.27		0.15
LIC Housing Finance Ltd	Principal	1.76		1.76	
	Interest accrued and due	<u>1.31</u>	3.07	<u>1.18</u>	2.94
PUBLIC DEPOSITS			7.73		8.50
Due within one year - ` 7.73 Cr (Previous year ` 0.67 Cr)		<u>651.74</u>		<u>542.62</u>	
		<u>726.87</u> @		<u>909.19</u>	

@ Includes Interest accrued and due - secured loans ` NIL & unsecured loans ` 176.27 Cr.
(Previous Year - secured loans ` 104.96 Cr & unsecured loans ` 140.38 Cr)

+ Payable in two equal instalments at the end of 16th and 17th months from the date of issue of the Bonds.



MADRAS FERTILIZERS LIMITED

4. FIXED ASSETS

(` Crores)

ASSET	GROSS BLOCK AT COST			DEPRECIATION UPTO		NET BLOCK AS ON	
	Mar 31,2010	Addition	Deduction	Mar 31,2011	Mar 31,2011	Mar 31,2011	Mar31,2010
LAND *	1.66	-	-	1.66	-	1.66	1.66
ROADS, BRIDGES AND OTHER FACILITIES	2.30	-	-	2.30	0.86	1.44	1.48
RAILWAY SIDING **	1.22	-	-	1.22	1.07	0.15	0.15
BUILDINGS	14.16	-	-	14.16	7.11	7.05	7.40
PLANT & MACHINERY	849.85	11.73	1.81	859.77	612.76	247.01	276.03
AUTOMOTIVE & SERVICE EQUIPMENT	7.27	0	0.13	7.14	6.79	0.35	0.51
LAB EQUIPMENT	2.29	0.19	-	2.48	1.54	0.94	0.83
OFFICE EQUIPMENT	4.37	0.22	0.10	4.49	3.94	0.55	0.65
FURNITURE & FITTINGS	1.38	0.02	0	1.40	1.34	0.06	0.06
AIR CONDITIONERS & WATER COOLERS	0.82	0	0	0.82	0.67	0.15	0.18
	885.32	12.16	2.04	895.44	636.08	259.36	288.95
CAPITAL WORK-IN-PROGRESS (AT COST)	2.13	11.19	11.78	1.54	-	1.54	2.13
DISMANTLED ASSETS ⁺						0.01	0.02
TOTAL	887.45	23.35	13.82	896.98	636.08	260.91	291.10
PREVIOUS YEAR	885.26	2.86	0.67	887.45	596.37		

*** 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) ` 0.35 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.

+ Valued at WDV or estimated realisation whichever is less.



MADRAS FERTILIZERS LIMITED

	(` Crores)	
	March 31, 2011	March 31, 2010
5. INVESTMENTS AT COST - LONG TERM (NON-TRADE)		
UNQUOTED		
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 Equity Shares of ` 10 each fully paid)	1.25	1.25
Less: Provision	<u>1.25</u> -	<u>1.25</u> -
	<u>0.40</u>	<u>0.40</u>
6. INVENTORIES (As certified by Management based on technical estimate)		
STORES AND SPARES		
On hand	63.79	56.97
In Transit	<u>3.71</u>	<u>9.18</u>
	<u>67.50</u>	<u>66.15</u>
PACKING MATERIALS	4.23	5.09
CATALYSTS	21.42	10.95
TOOLS	<u>0.21</u>	<u>0.23</u>
	<u>25.86</u>	<u>16.27</u>
STOCK IN TRADE		
Raw Materials		
On hand	14.23	18.88
Work-in-Process	86.42	57.84
Finished Products		
Manufactured Stock		
- Fertilizers	8.21	1.69
- Bio Fertilizers	-	-
Bought out Stocks		
- Potash	0.13	0.13
	<u>108.86</u>	<u>78.54</u>
	<u>202.22</u>	<u>160.96</u>
7. DEBTORS		
Debts due for more than six months		
- Considered Good in respect of which Company is fully Secured	0.10	0.03
- Considered Good in respect of which Company holds no Security other than the debtor's personal security	-	1.03
- Considered Doubtful - Unsecured	5.99	4.33
Other Debts		
- Considered Good in respect of which Company is fully Secured	0.37	0.11
- Considered Good in respect of which Company holds no Security other than the debtor's personal security	<u>0.28</u>	<u>0.23</u>
	6.74	5.73
Less: Provision for Doubtful Debts	<u>5.99</u>	<u>4.33</u>
	<u>0.75</u>	<u>1.40</u>



MADRAS FERTILIZERS LIMITED

	(` Crores)	
	March 31, 2011	March 31, 2010
8. CASH AND BANK BALANCES		
Cash on hand	0.08	0.07
Remittances in transit	0.08	0.53
Balances with scheduled banks		
In Current Account	9.28	44.01
In Term Deposit	2.68	3.72
	<u>12.12</u>	<u>48.33</u>
9. LOANS AND ADVANCES		
(Unsecured and Considered good unless otherwise stated)		
LOANS		
Secured	0.75	0.97
	<u>0.75</u>	<u>0.97</u>
ADVANCES AND DEPOSITS		
Advances recoverable in Cash or in kind or for value to be received	13.11	4.91
Balances with Customs, Port Trust and Excise Authorities	1.33	0.96
Deposits with Government departments and Others	7.85	10.28
	<u>22.29</u>	<u>16.15</u>
CLAIMS RECOVERABLE	138.79	141.26
	<u>161.83</u>	<u>158.38</u>
10. CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors		
- Micro, Small & Medium Enterprises	0.07	0.23
- Other Creditors	246.40	264.47
Investor Education and Protection Fund		
- Unclaimed Deposits	0.09	0.16
- Amount to be transferred to Investor Education and Protection Fund	-	-
Advances from Marketers/Dealers	5.44	6.23
Interest accrued but not due on loans	14.88	19.13
Other Liabilities	66.34	62.38
	<u>333.22</u>	<u>352.60</u>
c/o		



MADRAS FERTILIZERS LIMITED

		(` Crores)	
		March 31, 2011	March 31, 2010
	b/f	333.22	352.60
PROVISIONS			
Provision for Income Tax		-	-
Provisions for Employee Benefits			
- Leave Encashment		6.25	5.66
- Retired Medical Benefits		1.43	1.34
- Service Awards		0.93	0.58
- Gratuity		12.19	3.72
		<u>20.80</u>	<u>11.30</u>
		<u>354.02</u>	<u>363.90</u>
		2010-11	2009-10
11. GROSS SALES			
PRODUCT SALES LESS RETURNS			
Manufactured Products :			
Fertilizers		263.87	201.67
Bio Fertilizers		1.35	1.31
Carbon-di-oxide		3.46	3.32
Bought Products :			
Potash		-	2.94
Agrochemicals		1.39	1.42
		<u>270.07</u>	<u>210.66</u>
12. RAW MATERIALS CONSUMED			
FERTILIZERS			
Opening Stock		18.88	19.40
Add : Purchases		841.23	687.05
Add: Transfer from Trading - Potash		0.12	-
		860.23	706.45
Less: Transfer to Trading - Potash		-	7.20
- Filler		0.03	0.01
Closing Stock		14.23	18.88
Total Consumption		<u>845.97</u>	<u>680.36</u>



MADRAS FERTILIZERS LIMITED

	(` Crores)	
	2010-11	2009-10
13. REPAIRS AND MAINTENANCE EXPENSES		
Plant and Machinery	30.86	19.16
Buildings	0.49	0.29
Other Assets	0.25	0.12
	<u>31.60</u>	<u>19.57</u>
14. TRANSPORTATION AND WAREHOUSING EXPENSES		
Transportation and Warehousing	29.31	23.05
Secondary Freight	1.25	0.70
Warehouse Rent	0.01	0.03
	<u>30.57</u>	<u>23.78</u>
15. SALARIES AND OTHER BENEFITS TO EMPLOYEES		
Salaries, Wages and Bonus	35.55	30.84
Contribution to Provident Fund, Superannuation and Gratuity	6.58	6.66
Staff Welfare Expenses	7.65	6.23
Promotion Policy Revision	1.22	-
Gratuity Amendment	10.47	-
Gratuity Arrears - 1997	1.49	-
Salary Arrears - 1997	27.88	-
Salary Arrears - 2007	52.33	-
	<u>143.17</u>	<u>43.73</u>
16. INTEREST AND FINANCING CHARGES		
INTEREST ON		
Term Loans		
GOI Loan	37.67	28.39
Financial Institutions	-	24.89
HDFC & LICHF	0.19	0.31
Other Borrowings		
Bank Borrowings	13.78	26.54
Public Deposits	0.94	0.93
Others	1.55	6.00
Financing Charges	0	0
Cash Discount	0.92	1.39
	<u>55.05</u>	<u>88.45</u>



MADRAS FERTILIZERS LIMITED

	(` Crores)	
	2010-11	2009-10
17. OTHER EXPENSES		
Rent	0.43	0.40
Rates and Taxes	0.84	0.74
Insurance	0.76	0.71
Directors' Travelling Expenses	0.18	0.04
Directors' Sitting Fees (April 10-Mar 11: ` 3,000; Apr 09-Mar 10: ` 6,000)	0	0
Audit Fees:		
- Statutory Audit (April 10-Mar 11 : ` 2,48,175; Apr 09-Mar 10: ` 2,48,175)	0.02	0.02
- Tax Audit (April 10-Mar 11: ` 62,044; Apr 09-Mar10: ` 62,044)	0.01	0.01
- Certification (April 10-Mar 11: ` 5,64,736; Apr 09-Mar 10: ` 10,65,496)	0.06	0.11
Agro Services/Information Expenses	0.11	0.03
Advertising and Publicity	0.35	0.23
Miscellaneous Expenses	14.71	16.54
	<u>17.47</u>	<u>18.83</u>
18. OTHER INCOME		
Dividend (TDS - ` Nil ; Previous Year - ` Nil)	0.16	0.16
Interest from Banks and Others	0.66	0.83
Profit on Sale of Assets	0.60	0
Rent	1.10	0.75
Insurance claims	0.01	0.08
Miscellaneous Income	8.41	4.36
	<u>10.94</u>	<u>6.18</u>
19. PRIOR PERIOD ADJUSTMENTS (Net)		
Depreciation	-	0.55
	<u>-</u>	<u>0.55</u>



20 (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 applicable mandatory Accounting Standards and relevant presentational requirements of Companies Act, 1956.

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 Fixed 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 put to use.

3 DEPRECIATION:

Depreciation on Fixed 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 fixed 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 INVESTMENTS:

Long term Investments are stated at cost. Any diminution in the value of Long term Investments, other than temporary in nature, are provided for.

5 EXPENDITURE DURING CONSTRUCTION - EXPANSION SCHEMES:

All expenditure during construction till the Plant is ready for commercial production net of income are allocated to the respective fixed assets on completion of construction/erection. Expenditure during construction awaiting allocation to Fixed Assets is included under Capital Work in Progress.

6 GRANTS:

Grants from Government are shown as a deduction from the Gross Value of Fixed 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) Catalysts in process are valued based on the estimated life of each catalyst.



- (iv) Loose tools and reconditioned spares are revalued on WDV basis annually.
- (v) Finished products are valued at lower of cost or net realisable value including final price concession or estimated price concession for the unannounced period.

Net realisable value is taken as under :

Phosphatic / 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 estimated/final price concession 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 estimated/final price concession less estimated warehousing expenses.
- Inventories at Plant ready for sale : The least of selling price fixed by the company to Marketers / Dealers plus estimated/final price concession 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 estimated/final concession less estimated warehousing expenses.
 - Inventories at Plant ready for sale : The least of selling price to Marketers / Dealers plus estimated/final concession less estimated freight and warehousing expenses.
 - Bulk Urea at Plant : Least of selling price to Marketers / Dealers plus estimated/final concession less estimated bagging, freight and warehousing expenses.
 - Warehousing expenses have been distributed over sales and closing stock.
 - The Company has adopted FIFO method of valuation for raw materials and packing materials content in the inventory of finished products.
 - Ammonia is valued at cost as the same is captively consumed and not intended for sale.
- (vi) Off-spec products intended for disposal are valued at estimated realizable value.
- (vii) 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.
- (viii) Inventory of Pesticides manufactured and lying at factory under Loan Licensing Scheme are valued at cost excluding Excise Duty.
- (ix) Goods in Transit / Under Inspection are valued at cost.

8 DEBTORS/LOANS AND ADVANCES:

Sundry Debtors, 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 Excise Duty for fertilizers.



10 UREA CONCESSION UNDER NEW PRICING:

Urea Concession 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 in the concession 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 account.

12 EMPLOYEE BENEFITS:

(i) Short Term Benefits

Short Term Employee Benefits are accounted on accrual basis.

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

- a. 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 account 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 Account.
- b. 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 account.
- c. 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 and Loss account on accrual basis.
- d. 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 towards transit loss 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 realisation 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 disclosed as contingent liabilities.

16 VALUE ADDED TAX (VAT):

Accounting of VAT is in line with provisions of statute in force.

20 (B) NOTES ON ACCOUNTS**i. DEPRECIATION**

Details of Depreciation provided during the year	2010-11	2009-10
Roads, Bridges and other facilities	3,74,449	3,74,449
Railway Siding	78,513	91,196
Buildings	34,81,163	34,81,163
Plant and Machinery	40,23,69,665	39,99,44,099
Automotive and Service Equipment	15,17,867	15,66,010
Laboratory Equipment	8,46,956	8,56,897
Office Equipment	28,67,298	29,17,460
Furniture and Fittings	2,22,847	2,51,848
Air Conditioners and Water Coolers	3,13,161	3,16,701
	<u>41,20,71,919</u>	<u>40,97,99,823</u>

ii. CONCESSION UNDER NEW PRICING SCHEME FOR UREA

Escalation/De-escalation in input prices is subject to annual revision based on the actual prices. Accordingly, a sum of ₹ 50.99 Cr (Previous year ₹ 28.62 Cr) has been reckoned as receivable from FICC for the year 2010-11 towards annual escalation of input prices.

iii. PRICE CONCESSION SCHEME

The status of claims under the Price Concession Scheme in respect of Phosphatic and Potassic fertilizers which is included in "Claims Recoverable" is given below:

	2010-11	(` Cr) 2009-10
Opening Balance (a)	2.46	0.29
Claims Preferred (b)	12.76	10.48
Claims Settled (c)	14.93	8.31
Closing Balance (a+b-c)	0.29	2.46

iv. EXCHANGE RATE FLUCTUATION

Exchange rate fluctuation loss included in other expenses is ₹ 7,362 (Previous year ₹ 71,162).



v. CENTRAL EXCISE 25/70 NOTIFICATION

Central Excise claimed ` 5.42 Cr as interest on the belated payment of duty of ` 3.10 Cr in excess of the dues.

Based on COD permission, an appeal against demand for delayed payment interest of ` 5.42 Cr and for refund of the excess Excise Duty of ` 3.10 Cr collected by the Department has been preferred with Commissioner (Appeals) on 26.09.08. Commissioner (Appeals) has rejected our appeal vide his order No.05/2011(M-I) dated 08.04.2011. The Company is proposing to appeal before CESTAT against the order of Commissioner (Appeals).

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

vi. Advances include a sum of ` 63.09 Lacs deposited with ESI authorities being employer contribution to ESI as per the direction of Hon. Madras High Court. The Company has already filed Writ Appeal No.1228 / 2010 against the orders passed in WP No.14642/2006. The Hon. Court on 29.06.2010 granted interim stay until further orders and notice. Pending disposal of the case the amount is shown under Deposits as of 31.03.2011.

vii. SALARY / WAGE REVISION

GOI has approved the 2007 Pay revision vide letter No. 84/1/2009-HR-I dated April 18, 2011 which interalia states that -

- (i) Pending arrears for 1997 pay revision may be paid in full.
- (ii) One third of arrears for 2007 pay revision may be paid subject to recovery of advances already paid.
- (iii) Balance arrears to be paid in quarterly instalments with Board approval subject to profitability and availability of cash.

Pending arrears for 1997 pay revision amounting to ` 27.88 Cr has been provided in full.

The arrears for the period 01.01.2007 to 31.03.2011 amounting to ` 52.33 Cr has also been provided which includes ` 14.44 Cr for the year 2010 - 11.

viii. As defined under AS - 28 on "Impairment of Assets" market 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 31.03.2011. Market value of the major Plant and Machinery has been assessed as against the book value on that date as detailed below:

Sl. No.	Plant	As on 31.3.2011		As on 31.3.2010	
		Market Value	Book Value	Market Value	Book Value
1	Ammonia	269.33	170.24	291.54	190.00
2	Urea	63.93	46.83	69.80	53.99
3	NPK	10.76	8.93	12.01	10.23
4	Utilities	22.02	16.88	24.58	18.03

ix. The Company has leased out its Bio-fertilizer Plant at Vijayawada, having a written down value of ` 32.44 Lacs (Previous Year ` 33.54 Lacs). The lease rent received during the year is ` 1.80 Lacs (Previous Year ` 1.70 Lacs).

The depreciation recognized in the books during the year for the above asset is ` 1.10 Lacs (Previous year ` 1.50 Lacs) The future lease rental receivable under non-transferable operating lease for each of the following periods are:

		31.03.11	31.03.10
a) Within 1 year	-	1.80	1.80
b) Later than 1 year and not later than 5 years	-	5.91	7.71
c) Later than 5 years	-	NIL	NIL



x. VALUE ADDED TAX (VAT)

Section 19 of VAT Act was amended by the State Govt. during 2010-11 which reads "when the purchase price is more than the sale price, the input tax credit which is in excess of output tax is to be reversed or lapsed to the State" and the same is introduced retrospectively from 01.01.2007.

Consequent to the above amendment the input tax credit amounting to ` 88.92 Cr (Previous Year ` 64.59 Cr) upto 31.03.2011 after adjusting the output tax payable of ` 21.74 Cr (Previous Year ` 16.52 Cr) hitherto shown under 'Claims recoverable' as well as payable to FICC under Current Liabilities has been regularized. There is no impact on Accounts for the year 2010-11 on account of this amendment.

xi. 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, 2011 as identified by the Management and relied upon by the Auditors is provided below:

	(` Cr)	
	31.03.11	31.03.10
a) Dues outstanding more than 45 days	0.04	0.06
b) Amount remaining unpaid as at the end of the year		
Principal Amount	0.07	0.23
Interest Amount	0.00	0.00
c) The amount of interest paid in terms of Section 18 along with the amounts of the payment made to the supplier beyond the appointed day during the year	-	-
d) The amount of interest due and payable for the period of delay in making payment		
As per the terms of the Contract	-	-
As specified in the Act	-	-
e) The amount of interest accrued and remaining unpaid at the end of the year	0.00	0.00

xii. OTHER DISCLOSURES

- i. Information required under AS-15 (Revised) on "Employee Benefits" is provided in Annexure – I to this schedule.
- ii. The amount of borrowing costs capitalised for the year is 'NIL' (Previous year 'NIL') per AS-16 (Borrowing Costs).
- iii. Fertilizer manufacture is the only main business segment and trading operations are less than 10% of the total revenue. Further, the Company is engaged in providing and selling its products in single economic environment in India i.e., there is a single geographical segment. Hence, there is no requirement of segment reporting for the Company as per AS-17 (Segment Reporting).



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 21.
- 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, 2011 (` Cr)	Mar 31, 2010 (` Cr)
a. Leave Encashment		
Provision at the beginning of the year	5.66	5.21
Provision made during the year	2.48	1.89
Utilisation / withdrawal during the year	1.89	1.44
Provision at the end of the year	6.25	5.66
b. Retired Medical Benefits		
Provision at the beginning of the year	1.34	1.28
Provision made during the year	0.23	0.19
Utilisation / withdrawal during the year	0.14	0.13
Provision at the end of the year	1.43	1.34
c. Service Awards		
Provision at the beginning of the year	0.58	0.90
Provision made during the year	0.35	-
Utilisation / withdrawal during the year	-	0.32
Provision at the end of the year	0.93	0.58
d. Gratuity		
Provision at the beginning of the year	3.72	5.29
Provision made during the year	10.47	0.93
Utilisation / withdrawal during the year	2.00	2.50
Provision at the end of the year	12.19	3.72
e. Bad and Doubtful Debts		
Provision at the beginning of the year	4.33	3.48
Provision made during the year	1.80	0.89
Utilisation / withdrawal during the year	0.14	0.04
Provision at the end of the year	5.99	4.33

- vii. a) Considering the carry forward losses and allowances available for set off, there is no Income Tax liability for the year 2010-11. Hence no provision is made for Income Tax during the year.
- b) Deferred tax asset (Net) as at 31.03.2011 has not been recognized as there is no taxable profits and set-off of the carry forward loss and depreciation benefits are available to the Company under the Income-Tax Act.
- viii. BIFR in its April 02, 2009 hearing declared the Company as Sick under SIC (SP) Act, 1985 and registered the case No.501/2007. Subsequent hearings were held on 15.10.2009, 12.01.2010, 22.03.2010, 19.08.2010, 14.12.2010 and 06.04.2011. Consequent to the directions of BIFR, Department of Fertilizers - GOI has prepared BRPSE note for the rehabilitation of the Company and the same was sent for Inter Ministerial consultations and review which is under progress.
- ix. The Movable Fixed Assets have been verified by an outside professional firm, M/s Sundaram and Srinivasan, Chartered Accountants. The preliminary report on the shortage / excess is under review by the Company. After due reconciliation, necessary treatment in Books shall be given in 2011-12 with due approvals.
- x. Included in Other Creditors under Schedule 10 - Current Liabilities and Provisions are:
- a. Dues to CPCL - ` 82.27 Cr (Previous Year ` 87.56 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 - ` 49.92 Cr (Previous Year ` 47.27 Cr) for which First Charge on Plant and Machinery is given for ` 50 Cr



MADRAS FERTILIZERS LIMITED

- xi. Payments under One Time Settlement (OTS) were effected in terms of agreements reached with FIs and completed repayments during the year. The benefit on account of OTS amounted to ` 124.69 Cr as follows:

(` Cr)

	IFCI	IDBI	IIBI	LIC	Total
Principal	47.15	68.19	2.04	2.21	119.59
Interest	44.42	66.14	0.40	0.45	111.41
Total dues as on March 31, 2010	91.57	134.33	2.44	2.66	231.00
OTS	44.06	58.00	2.04	2.21	106.31
Principal waived	3.09	10.19	-	-	13.28
Interest waived	44.42	66.14	0.40	0.45	111.41
Benefit	47.51	76.33	0.40	0.45	124.69
Final Instalment of payment	Dec 10	Feb 11	Jan 11	Jan 11	

The OTS benefit of ` 124.69 Cr (including ` 13.28 Cr of Principal waived) has been accounted in the books during the year 2010-11 under extra-ordinary / exceptional items.

- xii. During the year 2010-11 also the Company continued production of NPKS 20-20-0-13 on tolling basis with Indian Potash Limited (IPL). In terms of the agreement, IPL provided all raw materials and paid conversion cost to the Company. The total quantity of NPKS 20-20-0-13 produced during the year was 40,578 MT and the income on account of the same is included under 'Other Income'.

Annexure - I

Disclosure requirements under AS-15 (Revised) as per Note No: 20 B xii(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 ` 3.19 Cr (Previous year ` 2.77 Cr) and ` 3.35 Cr (Previous year ` 2.97 Cr) respectively.

Defined Benefit Schemes:

Funded Scheme:

(` Cr)

Net Employee Benefit Expense	Gratuity	
	2010-11	2009-10
Current Service Cost	0.17	0.21
Interest cost on benefit obligation	1.04	1.01
Expected (return) / loss on plan assets	(0.92)	(0.73)
Net actuarial (gain)/loss recognized in the year	11.31	0.41
Net Benefit Expense	11.60	0.90



MADRAS FERTILIZERS LIMITED

Unfunded Schemes:

(` Cr)

Net employee benefit Expense	Earned Leave Encashment		Post Retirement Medical Benefits		Service Award	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Current Service Cost	2.05	0.93	0.14	0.13	-	-
Interest cost on benefit obligation	0.38	0.36	0.10	0.10	0.05	0.07
Net actuarial (gain)/loss recognized in the year	0.05	0.60	(0.01)	(0.04)	0.30	(0.39)
Net Benefit Expense	2.48	1.89	0.23	0.19	0.35	(0.32)

Funded Scheme:

(` Cr)

Changes in present value of defined benefit obligation	Gratuity	
	2010-11	2009-10
Opening defined benefit obligation	12.97	12.58
Interest cost	1.04	1.01
Current service cost	0.17	0.21
Benefits paid	(1.78)	(1.24)
Net actuarial (gain) / loss on obligation	11.31	0.41
Closing defined benefit obligation	23.71	12.97

Unfunded Schemes:

(` Cr)

Changes in present value of defined benefit obligation	Earned Leave Encashment		Post Retirement Medical Benefits		Service Award	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Opening defined benefit obligation	5.66	5.21	1.34	1.28	0.58	0.90
Interest cost	0.38	0.36	0.10	0.10	0.05	0.07
Current service cost	2.05	0.93	0.14	0.13	-	-
Benefits paid	(1.89)	(1.44)	(0.14)	(0.13)	-	-
Net actuarial (gain) / loss on obligation	0.05	0.60	(0.01)	(0.04)	0.30	(0.39)
Closing defined benefit obligation	6.25	5.66	1.43	1.34	0.93	0.58

Funded Scheme:

(` Cr)

Change in fair value of plan assets	Gratuity	
	2010-11	2009-10
Opening fair value of plan assets	9.26	7.32
Expected return	0.92	0.73
Contributions	3.12	2.45
Benefits paid	(1.78)	(1.24)
Actuarial gain / (loss)	-	-
Closing fair value of plan assets	11.52	9.26
Investment details	Insurer managed funds - 100%	



MADRAS FERTILIZERS LIMITED

Funded Scheme :

(` Cr)

Balance Sheet	Gratuity	
	2010-11	2009-10
Defined benefit obligation	23.71	12.97
Fair value of plan assets	11.52	9.26
Plan asset / (liability)	(12.19)	(3.71)

Unfunded Schemes:

(` Cr)

Balance Sheet	Earned Leave Encashment		Post Retirement Medical Benefits		Service Award	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Defined benefit obligation	6.25	5.66	1.43	1.34	0.93	0.58
Fair value of plan assets	-	-	-	-	-	-
Plan asset / (liability)	(6.25)	(5.66)	(1.43)	(1.34)	(0.93)	(0.58)

Funded Scheme:

Actuarial Assumptions	Gratuity	
	2010-11	2009-10
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	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
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%					

21. INFORMATION ON REMUNERATION TO DIRECTORS:

Remuneration	(`)	
	2010-11	2009-10
Salary and Allowances	19,77,037	11,00,161
Contribution to Provident & Other Funds	4,98,607	2,40,560
Other Perquisites	3,26,268	5,71,506
TOTAL	28,01,912	19,12,227
Loans and Advances - "Nil"		

**22. INFORMATION ON GOODS MANUFACTURED AND TRADED:****(a) Installed Capacities:**

	2010-11	2009-10
	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

(b) Production:

Ammonia	2,80,408	2,58,150
Urea	4,78,834	4,36,100
Bio fertilizers	451	437

(c) Purchases:

	2010-11		2009-10	
	Quantity	Amount	Quantity	Amount
	MT		MT	
Agrochemicals	-	96,61,685	-	98,91,952
		<u>96,61,685</u>		<u>98,91,952</u>

(d) Gross Sales

Manufactured Products				
Urea+	4,73,782	263,86,36,052	4,33,695	201,66,79,533
Carbon-di-oxide*	11,068	3,45,93,663	10,762	3,32,22,966
Bio fertilizers	453	1,35,03,280	435	1,30,48,457
Bought Products				
Potash	-	-	6,909	2,93,97,910
Agrochemicals	-	1,39,23,085	-	1,42,30,534
		<u>270,06,56,080</u>		<u>210,65,79,400</u>
+ Including Excise Duty				
* By Product				



MADRAS FERTILIZERS LIMITED

	2010-11		2009-10	
	Quantity MT	Amount	Quantity MT	Amount
(e) Stocks:				
(i) Opening Stock				
(a) Finished Products				
Manufactured Products				
Urea	653	1,68,62,165	1,376	2,80,29,545
NPK 17-17-17	0	7,002	0	7,002
Bio fertilizers	2	16,452	-	-
Potash	121	12,74,647	-	-
		<u>1,81,60,266</u>		<u>2,80,36,547</u>
(b) Work-in-Process				
Manufactured Products				
Ammonia	7,596	26,95,39,806	2,649	7,04,30,976
Urea – bulk	12,176	30,88,72,610	9,246	18,91,26,375
		<u>57,84,12,416</u>		<u>25,95,57,351</u>
(ii) Closing Stock				
(a) Finished Products				
Manufactured Products				
Urea	3,484	8,20,67,921	653	1,68,62,165
NPK 17-17-17	0	7,002	0	7,002
Bio Fertilizers	-	-	2	16,452
Potash	-	-	121	12,74,647
		<u>8,20,74,923</u>		<u>1,81,60,266</u>
(b) Work-in-Process				
Manufactured Products				
Ammonia	9,978	43,92,33,655	7,596	26,95,39,806
Urea - bulk	13,734	42,49,44,518	12,176	30,88,72,610
		<u>86,41,78,173</u>		<u>57,84,12,416</u>
(c) Stock Losses - Quantities reckoned in decretion in inventory				
		2010-11		2009-10
		MT		MT
Urea		663		198



MADRAS FERTILIZERS LIMITED

	2010-11			2009-10		
	%	Quantity MT	Amount	%	Quantity MT	Amount
(f) Consumption						
(i) Basic Raw Materials						
Imported	-	NIL	NIL	-	NIL	NIL
Indigenous						
Naphtha		2,13,326	845,83,38,146		2,00,469	680,26,09,078
Others			13,72,118			9,96,069
	<u>100</u>		<u>845,97,10,264</u>	<u>100</u>		<u>680,36,05,147</u>
	<u>100</u>		<u>845,97,10,264</u>	<u>100</u>		<u>680,36,05,147</u>
(ii) Components and Spares						
Imported	39		11,73,65,413	42		6,78,77,380
Indigenous	61		18,61,18,799	58		9,25,10,894
	<u>100</u>		<u>30,34,84,212</u>	<u>100</u>		<u>16,03,88,274</u>

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

	2010-11	2009-10
(a) Imports (CIF Value)		
(i) Raw Materials	-	-
(ii) Components and Spare Parts	19,33,33,590	8,60,98,206
	<u>19,33,33,590</u>	<u>8,60,98,206</u>
(b) Other Expenditure incurred in Foreign Currency		
(i) Books and Periodicals	1,72,496	73,138
(ii) Travels (Business, Seminar, Conference, etc.,)	-	-
	<u>1,72,496</u>	<u>73,138</u>

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

	2010-11	2009-10
(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 ` 76.65 Cr and Interest on delayed payment of Excise Duty ` 5.42 Cr).	156,72,77,307	135,42,21,875
(b) L/Cs outstanding (not provided for)	21,72,90,258	2,38,17,475
(c) Estimated amount of contracts remaining to be executed on capital Account and not provided for (after adjusting advance made therefor)	96,222	3,07,14,074
(d) ESI Liability not provided for the period Oct. 1999 to Sep. 2000 based on Court's interim injunction and interest for the earlier period.	42,53,871	42,53,871



MADRAS FERTILIZERS LIMITED

25. GENERAL INFORMATION:

- a. Department of Fertilizers, permitted the Company to use Imported Urea as a source of Nitrogen in the production of complex fertilizers after revamp from 1998 onwards. Licenses were issued by DGFT subject to the condition that only specified quantity of Urea produced indigenously by the Company would be eligible for direct sales under ECA allocation.

The Commissioner of Customs vide his adjudication order denied concessional rate of duty available for Imported Urea for use as manure but diverted for direct sale and demanded differential Customs Duty with equal amount of penalty totaling to ₹ 65.86 Cr. The Company has filed an appeal before the Commissioner of Customs (Appeals), which is still pending. In its hearing held on April 8, 2010, CoD has accorded permission to the Company to represent the matter before CESTAT.

The appeal filed before the CESTAT against the order passed by the Commissioner of Customs was dismissed by CESTAT on 03.08.2009 with a liberty to apply to restoration as and when CoD clearance was granted. CoD vide their communication No.COD/26/2010 dated 15.06.2010 accorded clearance. Subsequent to that, MFL has filed a Restoration Application before the CESTAT and the same was listed for hearing on 22.11.2010 and adjourned to 11.04.2011. However, the hearing could not take place even on 11.04.2011 and was again adjourned without fixing any date.

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

- b. Confirmation of balances has not been received in respect of Loans from GOI/ Financial Institutions, Debtors, Creditors, Claims Recoverable and other parties included under Loans and advances.
- c. Figures for the previous year have been regrouped wherever necessary to conform to Current Year's classification.
- d. Additional information as required under Part IV of Schedule VI to the Companies Act, 1956 is furnished in Annexure II.

SATISH CHANDRA
Chairman and
Managing Director

M SAGAR MATHEWS
Director

K LAKSHMINARAYANA RAO
Executive Director - Finance

May 20, 2011

As per our Report of even date

For **A. V. DEVEN & CO**
Chartered Accountants
FRN 000726S

Chennai
May 20, 2011

CA. R. RAGHURAMAN
Partner
M. No.201760



MADRAS FERTILIZERS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

(` Crores)

	2010 – 11		2009 – 10	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax and Extraordinary Items	45.17		6.88	
Adjustments for				
Depreciation	41.21		41.53	
Provision for Bad and Doubtful Debts	1.66		0.85	
Provision for erosion in investments	-		-	
Provision for Terminal Benefits	9.50		(1.38)	
Deferred Revenue Expenditure written off	-		1.21	
Dividend Income	(0.16)		(0.16)	
Interest Income	(0.66)		(0.83)	
Profit from sale of Fixed Assets	(0.60)		-	
Exchange rate fluctuation	-		0.01	
Interest Expenses	55.05		88.45	
Operating Profit Before Working Capital Changes	151.17		136.56	
Adjustments for				
Deferred Revenue Expenditure – VRS	-		-	
Trade & Other Receivables	(0.20)		(0.05)	
Inventories	(41.25)		(35.60)	
Loans & Advances	(4.27)		(25.34)	
Trade Payables	(15.13)		(5.02)	
Cash generated from Operations	90.32		70.55	
Direct taxes paid	-		(0.01)	
Cash Flow before Extraordinary Items	90.32		70.54	
Extraordinary Items	124.69		-	
Net Cash from Operating Activities		215.01		70.54
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(11.57)		(2.29)	
Sale of Fixed Assets	1.15		0.17	
Dividend Received	0.16		0.16	
Interest Income	0.66		0.83	
Net Cash used in Investing Activities		(9.60)		(1.13)



MADRAS FERTILIZERS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011 (Contd.)

(` Crores)

C. CASH FLOW FROM FINANCING ACTIVITIES	2010 - 11		2009 - 10	
	Interest paid	(128.38)		(34.70)
Proceeds from Loan Funds	74.68		184.45	
Repayment of Loan Funds	(187.92)		(180.78)	
Dividend Paid	-		-	
Net Cash used in Financing Activities		(241.62)		(31.03)
Net increase in Cash & Cash Equivalents		(36.21)		38.38
Cash & Cash Equivalents as at 1st April		48.33		9.95
Cash & Cash Equivalents as at 31st March		12.12		48.33

(Cash includes an amount of ` 2.68 Cr (Previous year ` 3.72 Cr) held with banks towards Margin Money.)

Note: Figures in brackets represent cash outflows

SATISH CHANDRA
Chairman and
Managing Director

M SAGAR MATHEWS
Director

K LAKSHMINARAYANA RAO
Executive Director - Finance

May 20, 2011

AUDITORS' REPORT

We have examined the above cash flow statement of M/s Madras Fertilizers Limited for the year ended 31.03.2011. 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 31.03.2011.

For A.V.DEVEN & CO
Chartered Accountants
FRN 000726S

Chennai
May 20, 2011

CA. R. RAGHURAMAN
Partner
M.No.201760



ANNEXURE - II

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No . 5 4 6 9

State Code 1 8

Balance Sheet Date 3 1 0 3 2 0 1 1
Date Month Year

II. Capital Raised During the year (Amount in ` Thousands)

Public Issue

- - - - - - - -

Rights Issue

- - - - - - - - -

Bonus Issue

- - - - - - - - -

Private Placement

- - - - - - - - -

III. Position of Mobilisation and Deployment of Funds (Amount in ` Thousands)

Total Liabilities

9 0 1 4 0 2 4

Total Assets

9 0 1 4 0 2 4

Source of Funds

Paid up Capital

1 6 2 1 3 9 6

Reserves & Surplus

1 2 3 8 5 7

Secured Loans

7 5 1 3 2 1

Unsecured Loans

6 5 1 7 4 5 0

Application of Funds

Net Fixed Assets

2 6 0 9 1 0 8

Investments

3 9 6 0

Net Current Assets

2 2 9 0 0 2

Misc. Expenditure

- - - -

Accumulated Losses

6 1 7 1 9 5 4

IV. Performance of Company (Amount in ` Thousands)

Turnover

1 6 2 2 8 3 1 1

Total Expenditure

1 5 8 8 5 9 4 7

+ / - Profit / Loss before Tax

1 6 9 8 6 1 9

+ / - Profit / Loss After Tax

1 6 9 8 6 1 9

(Please tick appropriate box + for profit, - for Loss)

+ / - Earning per share in `

1 0 . 5 4

Dividend rate %

- - - -



MADRAS FERTILIZERS LIMITED

V. Generic Names of Three Principal Products / Services of Company (As per monetary terms)

Item code No. (ITC Code)	3	1	0	2	1	0	.	0	0									
Product Description	U	R	E	A														

SATISH CHANDRA
Chairman and
Managing Director

M SAGAR MATHEWS
Director

K LAKSHMINARAYANA RAO
Executive Director - Finance

May 20, 2011

As per our Report of even date

For **A. V. DEVEN & CO**
Chartered Accountants
FRN 000726S

Chennai
May 20, 2011

CA. R. RAGHURAMAN
Partner
M. No.201760



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 (CDSL). 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 acknowledgment 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.

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

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

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

Mr G Alagarsamy

Company Secretary (Acting)

Madras Fertilizers Limited

Manali, Chennai 600 068

Direct : 044 - 25942281

e-mail : cs@madrasfert.nic.in

Phone : 044 - 25941001 / 25941201 Extn. 3456

Fax : 044 - 25943033



Madras Fertilizers Limited

Regd Office : Manali,
Chennai - 600 068.

PROXY

Folio No./
Client ID No.:

Proxy No. :

DP ID No. :

No. of Shares :

I/We..... of
in the district of being a member(s)
of the MADRAS FERTILIZERS LIMITED hereby appoint.....of
.....in the district of.....
or failing him/her.....of.....in the district of.....
as my/our proxy, to vote for me/us on my/our behalf at the 45th Annual General Meeting of the Company to be held
on 13th September, 2011 and at any adjournment thereof.

Signed this.....day of.....2011.

Signature

Affix
30 paise
Revenue
Stamp

Note : This form, in order to be valid, should be duly filled in, stamped, signed and must be deposited at the Registered Office of the Company, not less that 48 hours before the meeting.

----- TEAR HERE -----



Madras Fertilizers Limited

Regd Office : Manali,
Chennai - 600 068.

ATTENDANCE SLIP

Please complete this Attendance Slip and hand it over at the North Gate Entrance of MFL Plant, Chennai 600 068.

Name of the Member/Proxy :

Folio No./Client ID No. :

I hereby record my presence at the 45th Annual General Meeting at 2.30 p.m. on 13th September, 2011 at **MFL Training Centre Auditorium (North Gate Entrance), MFL Plant, Manali, Chennai 600 068.**

Signature of the Member / Proxy :

- Note :
- Members/proxies who come to attend the meeting are requested to bring their copies of Annual Report with them.
 - Members may please note that **NO GIFTS** will be distributed at the meeting.
 - Company is arranging buses to the AGM Venue from Tambaram Railway Station and Mambalam Bus Stand at 12.30 p.m. and 12.45 p.m. respectively. On completion of AGM, the buses would drop the Shareholders back at Boarding point.**

Contact Person: R. Sambasivam Mobile: +91 90030 26892

**Visit of Parliamentary Standing Committee on Chemical and Fertilizers to
Kanakammal Chatram Village (Thiruvallur District, Tamilnadu) on 22.01.2011**



CMD Shri Satish Chandra is replying to the farmer's queries on availability of Fertilizers. Members L to R : Shri T K S Elangovan, MP - Lok Sabha, Shri Gopinath Munde, MP - Lok Sabha, Chairman, Shri A A Jinnah, MP - Rajya Sabha, Dr. Manda Jagannatham, MP - Lok Sabha, Prof. Anil Kumar Sahani, MP - Rajya Sabha.

Chief Vigilance officer



Rajesh Kundan, IRS

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

(Unit : Madras Fertilizers Ltd)