

# MADRAS FERTILIZERS LIMITED

## 51<sup>st</sup> Annual General Meeting

Chennai

22<sup>nd</sup> September 2017

### CHAIRMAN'S SPEECH



**A B KHARE**

**Chairman & Managing Director**

**Dear Esteemed Shareholders,  
Ladies & Gentlemen**

Very Good Afternoon to all of you!

It gives me great pleasure in welcoming you all to the 51st Annual General Meeting of the Company. I am glad to say that the Company has crossed the momentous journey of five decades in the fertilizer industry, braving many impediments on its path. This historic success would not have been possible without the unstinted support and co-operation of all stakeholders. On behalf of the Board and on my own behalf, I would like to place on record my deep sense of gratitude to each and everyone of you.

Ladies and Gentlemen, turning to your Company's performance, the Annual Report for the year ended 31st March, 2017 along with the AGM Notice, Directors' Report and the Audited Annual Accounts of the Company, have already been circulated to you and I request your permission to take them as read. Before I could touch upon the performance of the Company, I would like to briefly narrate the economic scenario prevailed in the country during the year 2016-17.

#### **Economic Scenario and Fertilizer Industry**

The country is poised to witness economic growth a leap forward through various reforms / initiatives undertaken by the Government of India including Make in India, Goods and Services Tax (GST), Digital India, etc.

During the year 2016-17, the country as a whole has achieved 80% self-sufficiency in production capacity of Urea. As a result, the country could manage its substantial requirement of nitrogenous fertilizers through the indigenous industry besides imports. Similarly, 50% indigenous capacity has been developed in respect of phosphatic fertilizers to meet domestic requirements.

The rapid build-up of fertilizer production in the country has been achieved as a result of a favourable policy environment facilitating investments in the public, co-operative and private sectors.

#### **Performance Highlights**

Coming to the Company's financial performance, your Company's operations ended up with a loss of ₹ 23.31 Cr as compared to the previous year loss of ₹ 189.54 Cr. The loss for the year 2016-17 was due to stoppage of production on account of cyclone vardah and unfavourable market conditions.

During the year 2016-17, your Company's Urea production was 4.68 lac MT with energy consumption of 7.460 Gcal/MT showing an increase of 15% over the previous year (4.07 lac MT with 7.645 Gcal/MT). The key point I want to mention here is the successful installation of Advanced Process Controller (APC) in Urea Plant. Your Company is producing 100% Neem coated Urea since June 2015.

With respect to NPK 17-17-17 production, your Company has produced 0.49 lac MT during 2016-17 as against 0.35 lac MT produced during the previous year, with a marked increase by 40%. NPK bags with inner liner were introduced first time in the Company to improve the shelf life of NPK product.

On the marketing front, I am proud to state that your Company sold 4.36 lac MT of Neem coated Urea despite severe drought condition prevailed in South India and cut-throat competition in the market during 2016-17, as against the previous year's sale of 3.55 lac MT. Cash Order through RTGS payment accounted for 98.62% of total order. There has not been a single case of Bad Debt in this year also.

As a part of Prime Minister's mission of Swachh Bharat Abhiyan, your Company has started selling 1705.88 MT of City Compost in order to develop and sustain the eco-friendly agricultural environment.

In pursuance to the Prime Minister's mission on empowering the farmers vide Supportive Schemes & Education on farming techniques, your Company established one "Kisan Suvidha Kendra" at Ekkadu Kandigai, Tiruvallur District in Tamil Nadu. Apart from selling agricultural inputs, farmer services like soil sample analysis and recommendation of fertilizer dosage based on soil test report, educating the farmers on weather, crop insurance and other improved farm technologies are being offered thru the Kisan Suvidha Kendra.

Your Company actively involved in the implementation of Pilot Project on "Direct Benefit Transfer" in West Godavari District and Krishna District in Andhra Pradesh, Ranga Reddy District in Telangana, Tumkur District in Karnataka and Trissur District in Kerala.

I am pleased to inform you that your **Company Accounts were audited by the Comptroller and Auditor General of India, who have certified them with 'NIL' comments for the twelfth consecutive year.** This is a remarkable achievement to prove our clear adherence to the statutes strictly in true letter and spirits.

### **Feed Stock Conversion**

As per Government of India directives, your Company has already initiated action for conversion of feed stock from Naphtha to Natural Gas and had entered into a Heads of Agreement with M/s Indian Oil Corporation Ltd. (IOCL) to source RLNG from their proposed Ennore LNG terminal with 5 MMTA capacity, which is expected to become operational by June 2018. The civil, piling and structural works

for gas conversion are nearing completion and the tendering process for procurement of major equipment has been completed and price evaluation is in progress.

The Company is in the process of entering into Gas Transmission Agreement (GTA) and Gas Sales Agreement with IOCL which is developing a RLNG Terminal at Kamarajar Port at Ennore.

### **Corporate Social Responsibility (CSR)**

Your Company is concerned about Corporate Social Responsibility (CSR) for the upliftment of farmers and society. Your company has spent a sum of ₹ 5.81 lacs towards CSR activities during the year 2016-17.

### **Revival of the Company**

Based on the directions of the Government of India, your Company has appointed M/s Projects Development India Ltd. (PDIL) as a consultant for drawing of business, operation and financial restructuring plans for revival of the Company. M/s PDIL have submitted their final report and the same has been presented to Department of Fertilizers, Government of India for their consideration.

### **Future Outlook**

Dear Shareholders, in order to ensure the revival of your Company and to help it for sustaining its operations in the years to come, your Company has drawn up a road map for attaining its path of progress. I hope that the short, medium and long term plans recommended by M/s PDIL in their revival report in unison will ensure not only the survival but also the sustained growth of your Company.

### **Acknowledgement**

I would like to take this opportunity to thank the stakeholders, Central and State Governments, regulatory authorities, investors, banks and financial institutions and look forward to their continued support in the Company's future endeavours. I thank all the Board members for helping me in creating good governance culture across the organization and fulfilling the responsibilities of the Board. I would like to place on record the sincerity, hard work, commitment and dedication of the employees.

I seek your continued support in making the Company more sustainable and resilient to external challenges.

Thank you,

**A B Khare**  
**Chairman & Managing Director**