



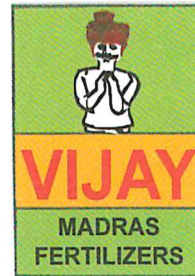
मद्रास फर्टिलाइज़र्स लिमिटेड Madras Fertilizers Limited

(भारत सरकार का उपक्रम / A Government of India Undertaking)

पोस्ट बैग सं. 2, मणालि, चेन्नै - 600 068. भारत दूर : 2594 1001 / फ़ैक्स सं. 044-25941010
Post Bag No. 2, Manali, Chennai - 600 068. INDIA. Tel : 2594 1001 / Fax No. 044 -25941010
कार्मिक / Per 25945210 संयंत्र / Plant 25941133 विप. / Mktg 25941285 वित्त/Fin 25941072
Website : www.madrasfert.nic.in email : gmpasec@madrasfert.co.in

CIN : L3220 1TN 1966 GO1005469

GSTIN - 33AAACM5198E1ZK



CS/NSE/2020/856

August 28, 2020

National Stock Exchange of India Ltd
Exchange Plaza 5th Floor,
Plot No.C/1, "G" Block
Bandra Kurla Complex
Bandra (E)
Mumbai – 400 051

Dear Sir,

Sub: Restated Audited Financial Results for the quarter and year ended March 31, 2020

This is to inform that Board at its meeting held on today i.e. 28th August 2020, has approved the Restated Audited Financial Results (Standalone) of the Company for the 4th quarter and financial year ended 31st March 2020.

Accordingly, pursuant to Regulations 30 and 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose the following:

- 1) Restated Audited Financial Results (Standalone) of the Company for the 4th quarter and financial year ended 31st March, 2020;
- 2) Auditor's Report in respect of the Audited Financial Results (Standalone) for the 4th quarter and financial year ended 31st March, 2020;
- 3) Statement on Impact of Audit Qualification for the financial year ended March 31, 2020 under Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016.

This is for your information and record.

Very truly yours


Dr. Girish Kumar
Company Secretary

Enc : a/a



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MADRAS FERTILIZERS LIMITED

(A Govt. of India Undertaking)

Regd. Office : Manali, Chennai 600 068

Part I		Statement of Audited Results for the Quarter and Year ended 31/03/2020					(₹ in lakhs)
Sl. No.	Particulars	Quarter ended			Year ended		
		31-Mar-20	31-Dec-19	31-Mar-19	31-Mar-20	31-Mar-19	
		Unaudited	Unaudited	Unaudited	Audited	Audited	
1	Income						
	(a) Revenue from operations	44,303	48,085	38,352	1,27,439	1,59,300	
	(b) Other income	910	100	792	1,300	1,780	
	Total income	45,213	48,185	39,144	1,28,739	1,61,080	
2	Expenses						
	(a) Cost of materials consumed	38,219	41,795	32,131	1,15,243	1,31,888	
	(b) Purchase of stock-in-trade	163	184	102	557	382	
	(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	(1,027)	(3,465)	1,034	(7,860)	4,616	
	(d) Employee benefits expense	2,353	2,503	2,758	9,597	10,054	
	(e) Finance cost	2,217	2,821	2,456	9,029	10,003	
	(f) Depreciation and amortization expense	988	550	649	2,638	2,299	
	(g) Other expenses	2,576	3,607	3,799	13,023	14,820	
	Total expenses	45,489	47,995	42,929	1,42,227	1,74,062	
3	Profit / (Loss) before exceptional items and tax (1-2)	(276)	190	(3,785)	(13,488)	(12,982)	
4	Exceptional items						
5	Profit / (Loss) before tax (3+4)	(276)	190	(3,785)	(13,488)	(12,982)	
6	Tax expense						
	(a) Current tax	-	-	-	-	-	
	(b) Deferred tax	-	-	-	-	-	
7	Profit / (Loss) for the period (5-6)	(276)	190	(3,785)	(13,488)	(12,982)	
8	Other comprehensive income for the period						
	(a) (i) Items that will not be reclassified to profit or loss	7,926	-	4,658	7,926	4,658	
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	
	(b) (i) Items that will be reclassified to profit or loss	-	-	-	-	-	
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	
	Other comprehensive income for the period	7,926	-	4,658	7,926	4,658	
9	Total comprehensive income for the period (7+8)	7,650	190	873	(5,562)	(8,324)	
10	Earnings per share (not annualized):						
	- (a) Basic	(0.17)	0.12	(2.35)	(8.37)	(8.06)	
	- (b) Diluted	(0.17)	0.12	(2.35)	(8.37)	(8.06)	
11	Paid up equity share capital (Face value of ₹10/- each)	16,110	16,110	16,110	16,110	16,110	

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for J V Ramanujam and Co., Chartered Accountants
Sri Narayana Jakhotia, Partner, M.No: 233192


U. SARAVANAN
Chairman & Managing Director
Madras Fertilizers Limited
Manali, Chennai - 600 068

Balance Sheet

	(₹ in lakhs)	
	31 March 2020	31 March 2019
Assets		
Non-current assets		
Property, plant and equipment	19,872	14,640
Capital work-in-progress	313	3,059
Investment property	122	122
Financial assets	-	-
Investments	28,250	19,791
Loans	-	1
Other financial assets	28	24
Other non-current assets	1,647	1,703
Total non-current assets	50,232	39,340
Current assets		
Inventories	25,076	28,086
Financial assets	-	-
Trade receivables	5,087	2,721
Cash and cash equivalents	8	7
Bank balances other than cash and cash equivalents	13,323	3,675
Loans	707	91
Other financial assets	55,604	81,531
Other current assets	2,742	1,378
Total current assets	1,02,547	1,17,489
Total assets	1,52,779	1,56,829
Equity and liabilities		
Equity		
Equity share capital	16,214	16,214
Other equity	-	-
Retained earnings	(80,542)	(74,980)
Other reserves	1,239	1,239
Total equity	(63,089)	(57,527)
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	5,128	7,862
Provisions	4,244	3,861
Other non-current liabilities	178	255
Total non-current liabilities	9,550	11,978
Current liabilities		
Financial liabilities		
Borrowings	1,74,949	1,57,297
Trade payables	11,588	27,697
Other financial liabilities	13,980	12,556
Provisions	1,007	876
Other current liabilities	4,794	3,952
Total current liabilities	2,06,318	2,02,378
Total equity and liabilities	1,52,779	1,56,829

for J V Ramanujam and Co., Chartered Accountants
Sri Narayana Jakhotia, Partner, M.No: 233192

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U. SARAVANAN
Chairman & Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020		(₹ Crores)
	2019-20	2018-19
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before Tax for the year	(134.88)	(129.82)
Adjustments for:		
Depreciation	26.38	22.99
Exceptional item (Depreciation)	0.00	0.00
Loss/(profit) from sale of Fixed Asset	(0.13)	(0.01)
Interest Expenses	90.29	100.03
Interest Income	(3.68)	(0.49)
Net gain arising on financial asset mandatorily measured at FVTPL	0.00	0.00
Unrealised Foreign Exchange Fluctuation Loss	0.00	2.94
Dividend Income	(0.24)	(0.24)
Operating Profit Before Working Capital Changes	(22.26)	(4.60)
Working capital adjustments		
(Increase)/Decrease in Inventories	30.10	(61.00)
(Increase)/Decrease in Trade Receivables	(23.66)	(7.16)
(Increase)/Decrease in Loans & Advances	(6.16)	0.12
(Increase)/Decrease in Other Assets	246.19	131.16
Increase/(decrease) in Provisions	(0.19)	4.48
Increase/(decrease) in Trade Payables	(161.09)	(107.78)
Increase/(decrease) in Other Liabilities	21.89	22.15
Cash generated from / (used in) Operations	84.82	(22.63)
Direct taxes paid (net of refunds)	0.00	0.00
Net Cash Flow from / (used) in Operating Activities (A)	84.82	(22.63)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(51.24)	(21.83)
Proceeds from sale of Fixed Assets	0.13	7.96
Interest Received	3.68	0.49
Dividend Received	0.24	0.24
Net Cash Flow from / (used) in Investing Activities (B)	(47.19)	(13.14)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	0.00	0.00
Net proceeds from/ (Repayment of) Term Borrowings	0.00	0.00
Net proceeds from Financial Assets	(0.03)	0.27
Net proceeds from Working capital and Short-term borrowings	94.60	90.56
Interest paid	(35.71)	(45.45)
Net Cash Flow from / (used) in Financing Activities (C)	58.86	45.38
Net increase/(decrease) in Cash & Cash Equivalents (A+B+C)	96.49	9.61
Cash & Cash Equivalents as at 1st Apr (Op. Bal)	36.82	27.21
Cash & Cash Equivalents as at 31st Mar (Cl. Bal.)	133.31	36.82
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on Hand	0.00	0.00
Remittance in Transit	0.00	0.00
Balance with banks:		
in Current and Cash Credit Accounts	0.08	0.07
in Term Deposits with less than 12 months maturity	133.23	36.75
Total Cash and Cash equivalents	133.31	36.82

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for J V Ramanujam and Co., Chartered Accountants
Sri Narayana Jakhotia, Partner, M.No: 233192


U. SARAVANAN
Chairman & Managing Director
Madras Fertilizers Limited
Manali, Chennai - 600 068

Notes :

- 1 The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 28th August 2020. The results for the quarter and the year ended 31st March 2020 have audited by the Statutory Auditors. The above financial results are drawn in accordance with the accounting policies consistently followed by the Company.
- 2 Financial results for all the periods have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act 2013.
- 3 Ammonia Plant were shut down for 7 days during the quarter on account of stoppage of Process Air Compressor K1602. Urea plant were shut down for 6 days during the quarter on account of Ammonia Plant Problem.
- 4 Complex Fertilizer Plants were not in line for 89 days during the quarter due to raw materials limitation and maintenance jobs during the quarter.
- 5 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 Ind AS 108 (Segment Reporting).
- 6 Based on Ind As 101 – First Time Adoption of Indian Accounting Standard, MFL have adopted the carrying value of its Property, Plant and Equipment (PPE) as on date of transition to Ind AS, measured as per the previous Indian GAAP and use that as its deemed cost. Similarly, as far as accounting for financial instruments is concerned, MFL has fair valued its investment in unquoted shares of Indian Potash Limited using the service of an external valuer.

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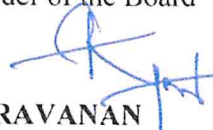
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for J V Ramanujam and Co., Chartered Accountants
Sri Narayana Jakhotia, Partner, M.No: 233192


U. SARAVANAN
Chairman & Managing Director
MFL Fertilizers Limited

- 7 In view of the carry forward losses and allowances available for set off upto the year ended 31st March 2020, the provision for current tax is not considered necessary.
- 8 The figures for the previous period have been reclassified/regrouped wherever necessary.
- 9 Based on the instructions issued by Securities and Exchange Board of India (SEBI), the Annual Accounts FY 2019-20 was submitted for further review to Audit Committee in its meeting held on 13.08.2020. Accordingly, the Audit Committee reviewed it and advised that the company may restate the Annual Accounts for the Financial Year 2019-20 and reverse the booking of Additional Compensation of Rs 64.97 Cr. The Additional Compensation may be taken into account only as and when final order will be received from the Department of Fertilizers, Government of India.
- 10 As per Regulation 33 (3) (e) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 the figures of the quarter ended March 31, 2020 and March 31, 2019 are the balance figures in respect of the full financial year and the unaudited published year-to-date figures upto the third quarter ended December 31, 2019 and December 31, 2018 respectively.

By order of the Board



U SARAVANAN
CHAIRMAN & MANAGING DIRECTOR

Date : August 28, 2020
Place : Chennai

U. SARAVANAN
Chairman & Managing Director
Madras Fertilizers Limited
Manali, Chennai - 600 068

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for J V Ramanujam and Co., Chartered Accountants
Sri Narayana Jakhotia, Partner, M.No: 233192



INDEPENDENT AUDITORS' REPORT

To the Members of Madras Fertilizers Limited

Qualified Opinion

We have audited the accompanying amended and restated financial statements of **Madras Fertilizers Limited, Manali**, which comprise the amended and restated Balance Sheet as at March 31, 2020, and the amended and restated Statement of Profit and Loss (including Other Comprehensive Income), the amended and restated Statement of Changes in Equity and the amended and restated Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the matters mentioned in the 'Basis of Qualified Opinion' section of our report, the aforesaid amended and restated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2020; and its Loss after Tax, Total Comprehensive Loss, the changes in Equity, and Cash Flows for the year ended on that date.

Basis of Qualified Opinion

We draw attention to Note 34 of the financial statements, which discloses that fair valuation of investment in unquoted shares of Indian Potash Limited has been carried out by an external valuer. The Valuer, as on March 31, 2020 had fair valued the investment using Net Asset Value (NAV) and Comparable Company Market (CCM) Multiple Method and the value assessed was Rs.1325.95 per share and Rs.1783.49 per share respectively. The company adopted CCM Multiple Method to ascertain the fair value of the investments held as on March 31, 2020. We observed that there is (i) increase of 33% in projected Sales for 2019-20 vs Actual Sales for 2018-19, when compared to 16.88% in 2018-19 Vs 2017-18, and (ii) projected PAT has increased by 90.88% for 2019-20 Vs Actual for 2018-19 when compared to decrease of 1.22% 2018-19 vs 2017-18. Since such high growth in Sales and PAT is estimated, the same should be supported with adequate evidence. In the absence of the same we are not able to rely on the Valuation Report for Fair Value arrived for Equity shares of Indian Potash Limited (IPL). Further we are not able to assess the Fair Value of IPL due to lack of information. Due to the aforementioned we are unable to quantify the financial effects on the Total Comprehensive Income and Financial Assets.

Emphasis of Matter

- i. We draw attention to Note 47 regarding
 - a. Accounting of a sum of Rs.144.46 Crores towards de-escalation in input prices which has been considered as payable to Fertilizer Industry Coordination Committee (FICC) for the year ended March 31, 2020 under New Pricing Scheme (NPS) for Urea. Adjustments may arise in future in respect of the above on final payment.
 - b. Accounting of a sum of Rs.16.26 Crores of subsidy claim for additional fixed cost of Rs.350/MT of Urea as envisaged in the modified NPS III Policy announced by DOF dated April 02, 2014, the notification of which is awaited.
- ii. We draw attention to Note 43 (g) regarding balances in Long term borrowings and Other current liabilities from GOI, Trade Receivable/ Payables, Claim recoverable and loans and advances are subject to confirmation and consequential adjustments;

Our opinion is not modified in respect of the above matters.



Restatement of Financial Statements

Without modifying our opinion, we draw attention to Note 9 to the amended and restated Financial Results, which explains that the amended and restated Financial Statements for the year ended March 31, 2020 have been restated from those which were originally reported on June 19, 2020.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sl. No	Key Audit Matter	Auditors' Response
1	Revenue Recognition – Sale of goods Revenue from sale of goods is recognized when the control of goods is transferred to the customers. In terms of the application of the new revenue accounting standard Ind AS 115 (Revenue from Contracts with Customers), for some contracts, control is transferred either when the product is delivered to the customer's site or when the product is shipped, depending on the applicable terms. The Management has exercised judgement in applying the revenue accounting policy while recognising revenue.	We have performed the following principal audit procedures in relation to revenue recognised. <ul style="list-style-type: none">• Understood the revenue recognition process, evaluated the design and implementation, and operating effectiveness of internal controls relating to revenue recognised.• Selected samples and tested the operating effectiveness of internal controls, relating to transfer of control. We carried out a combination of procedures involving enquiry, observation and inspection of evidence in respect of operation of these controls.• Tested the relevant information technology general controls, automated controls, and the related information used in recording and disclosing revenue.• In respect of the selected sample of transactions:<ul style="list-style-type: none">○ Tested whether the revenue is recognised upon transfer of control to customer.○ We have evaluated the delivery and shipping terms of the contracts for revenue recognised during the period.○ We have also tested the location stock reports from Company warehouses, where applicable, for confirmation on sales quantity made during the year.○ Tested that the revenue recorded is after



Sl. No	Key Audit Matter	Auditors' Response
		<p>considering the applicable rebates and discounts.</p> <ul style="list-style-type: none"> For samples near to period end, tested the acknowledgments of customers.
2	<p>Subsidy income / Government subsidies and related receivables</p> <p>Refer to note 3 (f) 'Revenue' and note 2(d)(iv) 'Use of estimates and judgements' to the financial statements. Subsidy income pertaining to the Nutrient and other allied business is recognised on the basis of the rates notified from time to time by the Department of Fertilizers, Government of India ('GOI') in accordance with the Nutrient Based Subsidy ('NBS') policy on the quantity of fertilizers sold by the Company for the period for which notification has been issued and for the remaining period, based on estimates, when there is a reasonable assurance that the Company will comply with all necessary conditions attached to Subsidy including Direct Benefit Transfer ('DBT') System which was introduced by Government of India.</p>	<p>The following principal audit procedures have been performed by us in relation to subsidy income recognition.</p> <ul style="list-style-type: none"> We have read the relevant circulars and notifications issued by GOI from time to time with regard to the subsidy policies. We have had robust interactions with the relevant personnel in the Company with regard to updates of GOI Policy, their interpretations of the relevant circulars and notifications. Tested the relevant information technology general controls, automated controls, and the related information used in recording and disclosing subsidy income. We have tested the NBS rates considered by the Company for the product subsidy with the applicable circulars and notifications. We have correlated the sales quantity considered for subsidy income with the actual sales made by the Company. We have also agreed the quantities sold as per the Company books with the customer acknowledgements as per the iFMS portal of the Department of Fertilizers and tested the DBT claims made by the Company. We have enquired from the Management and discussed with the Board of Directors, the appropriateness of the subsidy rates applied to recognise subsidy income. <p>Valuation of subsidy receivables:</p> <p>Following are the principal audit procedures performed on testing of valuation of subsidy receivables:</p> <ul style="list-style-type: none"> We have analysed and discussed the status of outstanding subsidy receivables and its realisability with the Management. We have tested the sanction notes received from the GOI for receipts. We have tested the credits in the bank statements for the receipts. We have tested whether the deductions made by the GOI have been adjusted in the books of accounts.
3	<p>Property, Plant and Equipment</p> <p>Management judgement is utilised for determining the carrying value of</p>	<p>We have done verification of controls in place over the fixed assets cycle, evaluated the appropriateness of capitalisation process, performed tests to verify the</p>



Sl. No	Key Audit Matter	Auditors' Response
	property, plant and equipment, intangible assets and their respective depreciation/ amortization rates. These include the decision to capitalise or expense costs; the annual asset life review; the timelines of the capitalisation of assets and the measurement and recognition criteria for assets retired from active use. Please refer accounting policy.	capitalised costs, assessed the timelines of the capitalisation of the assets and assessed the derecognition criteria for assets retired from active use. Useful life review of assets has been assessed by the management. In performing these procedures, we reviewed the judgements made by management including the nature of underlying costs capitalised; determination of realizable value of the assets retired from active use; the appropriateness of asset lives applied in the calculation of depreciation/ amortization; and the useful lives of assets prescribed in Schedule II of the Companies Act, 2013.
4	Provisions and Contingent Liabilities The Company is involved in certain legal and tax disputes and the assessment of the risks associated with the litigations is based on Management assumptions, which require the use of judgement and such judgement relates, primarily, to the assessment of the uncertainties connected to the prediction of the outcome of the proceedings.	Our audit procedure in response to same is included, among others, <ul style="list-style-type: none">• Assessment of the process to identify legal and tax litigations, and pending administrative proceedings.• Assessment of assumptions used in the evaluation of potential legal and tax risks performed by the legal and tax department of the Company considering the legal precedence and other rulings/judgement in similar cases.• Analysis of opinion received from the tax consultant where available.• Review of the adequacy of the disclosures in the notes to the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's report, Management discussion and analysis and Report on corporate governance, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is no material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards



specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Paragraph 40(b) of this SA explains that the shaded material below can be located in an Appendix to the auditor's report. Paragraph 40(c) explains that when law, regulation or applicable auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor's responsibilities, rather than including this material in the auditor's report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditor's responsibilities below.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's



report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those;
 - c) the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - e) The Ministry of Corporate Affairs has clarified that the provisions of sub section (2) of Section 164 the Companies Act, 2013 are not applicable to Government Companies.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company has made provision, as required under the applicable law and Accounting standards, for material foreseeable losses, if any, on long-term contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the investor's education and protection fund by the Company.



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- (3) As required by section 143(5) of the Act, we have considered the directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact on the accounts and financial statements of the company:

Sl No	Areas Examined	Suggested Replies
1	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes, the company has system in place to process all the accounting transactions through IT system.
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	During the year, there was no Restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to Madras Fertilizers.
3	Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	During the year, No funds were received or are receivable for Specific Schemes from Central or State Agencies.

for J. V. RAMANUJAM & Co.,
Chartered Accountants
FRN: 02947S

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(SRI NARAYANA JAKHOTIA)
Partner
M. No:233192
UDIN: 20233192AAAAAJ4792

Place : Chennai
Date : August 28, 2020



J.V. RAMANUJAM & CO.,
CHARTERED ACCOUNTANTS

“Annexure A” to Independent Auditors’ Report
(Referred to in Paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date on the accounts of Madras Fertilizers Limited, Manali (“the Company”), for the year ended March 31, 2020)

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
(b) According to the information and explanations given to us, physical verification of movable fixed assets is being conducted in a phased manner by the management under a programme designed to cover all the movable fixed assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and nature of its business. As per the information and explanations provided by the management, the same has been carried out during the financial year. Immovable Fixed Assets like plant and machinery is being inspected every year by an independent chartered engineer.
(c) Title deeds of immovable properties were not provided to us for verification; hence we are unable to comment on the same.
- ii) (a) Physical verification of inventories inside factory premises and at Chennai Port has been carried out by a independent surveyor at year end and the physical verification of stocks of stores and spare parts has been conducted by an independent firm of Chartered Accountants on a ongoing basis so as to complete the verification of all items over the period of one year. Finished goods at warehouse are taken as per warehousing certificates. Warehousing certificates has not been received in a few cases, which however is not significant in value.
(b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.
(c) In our opinion, the company has maintained proper records of inventory. We are informed that no major discrepancies were noticed on verification between the physical stock and book records.
- iii) According to the information given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore clauses (iii) (a), (iii) (b) and (iii)(c) of Paragraph 3 of the Order are not applicable to the Company.
- iv) The Company has complied with the provisions of the section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- v) According to the information and explanations given to us, the Company has complied with the provisions of Section 73 to 76, other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 with regard to deposits accepted from public. The Company has not accepted any deposits from public during the year within the meaning of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules 2014.
- vi) We have broadly reviewed the books of account and records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules 2014 prescribed by the Central Government under section 148(1) of the Companies Act, 2013, and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate and complete.
- vii) (a) According to the information and explanations given to us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including



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Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess and any other statutory dues as applicable to it.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess and any other statutory dues were outstanding as at March 31, 2020 for a period of more than six months from the date they became payable except for the following:

Nature of Dues	INR Crores
Entry tax (Tamil Nadu)	2.53
VAT (Tamil Nadu)	2.51
Sales Tax under TNGST Act	7.79
Total	12.83

- (c) According to the information and explanations given to us, there are no dues of Income Tax Act, Excise Duty, Customs Duty, Value Added Tax, Sales Tax and Service Tax which have not been deposited with the appropriate authorities on account of any dispute.

- viii) Based on our audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, or dues to debenture holders except in respect of the default of repayment of principal amount of the following Government of India (GOI) Loans:

Nature of Loan	Year of Default	INR in Crores	Year of default	INR in Crores
GOI Loans	2004-05	23.49	2012-13	38.33
GOI Loans	2005-06	23.48	2013-14	45.78
GOI Loans	2006-07	24.89	2014-15	32.68
GOI Loans	2007-08	26.07	2015-16	32.68
GOI Loans	2008-09	27.03	2016-17	31.28
GOI Loans	2009-10	26.44	2017-18	30.09
GOI Loans	2010-11	27.34	2018-19	29.14
GOI Loans	2011-12	28.63	2019-20	28.25
			Total *	475.62

* The above loan consists of Plan loans, Non Plan Loans and Revamp Loans.

- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the course of our Audit.
- xi) In respect of sl. no. (xi), being a Govt. Company, Section 197 of the Companies Act, 2013 is not applicable to the Company in view of Notification no. G.S.R. 463(E) dtd. 05-06-2015
- xii) The company is not a Nidhi Company. Therefore clause 3 (xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.



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- xiii) According to the records of the Company examined by us and the information and explanations given to us, there are no related party transactions; accordingly clause (xi) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review, and therefore clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

for J. V. RAMANUJAM & Co.,
Chartered Accountants
FRN: 02947S

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(SRI NARAYANA JAKHOTIA)

Partner

M. No:233192

UDIN: 20233192AAAAAJ4792

Place : Chennai

Date : August 28, 2020



**“ANNEXURE B” to the Independent Auditor’s Report of even date on the Financial Statements of
Madras Fertilizers Limited**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the
Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of M/s Madras Fertilizers Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable



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assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India and jointly controlled companies, which are companies incorporated in India, as of that date.

for J. V. RAMANUJAM & Co.,
Chartered Accountants
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(SRI NARAYANA JAKHOTIA)

Partner

M. No:233192

UDIN: 20233192AAAAAJ4792

Place : Chennai

Date : August 28, 2020

Annexure I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (Standalone and Consolidated separately)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs Cr)	Adjusted Figures (audited figures after adjusting for qualifications) (Rs Cr)
	1.	Total income	1287.39	1287.39
	2.	Total Expenditure	1422.27	1422.27
	3.	Net Profit/(Loss)	(55.62)	(55.62)
	4.	Earnings Per Share	(8.37)	(8.37)
	5.	Total Assets	1527.79	1527.79
	6.	Total Liabilities	1527.79	1527.79
	7.	Net Worth	(630.89)	(630.89)
	8.	Any other financial item(s) (as felt appropriate by the management)		

II. Audit Qualification (each audit qualification separately):

a. Details of Audit Qualification:

We draw attention to Note 34 of the financial statements, which discloses that fair valuation of investment in unquoted shares of Indian Potash Limited has been carried out by an external valuer. The Valuer, as on March 31, 2020 had fair valued the investment using Net Asset Value (NAV) and Comparable Company Market (CCM) Multiple Method and the value assessed was Rs.1325.95 per share and Rs.1783.49 per share respectively. The company adopted CCM Multiple Method to ascertain the fair value of the investments held as on March 31, 2020. We observed that there is (i) increase of 33% in projected Sales for 2019-20 vs Actual Sales for 2018-19, when compared to 16.88% in 2018-19 Vs 2017-18, and (ii) projected PAT has increased by 90.88% for 2019-20 Vs Actual for 2018-19 when compared to decrease of 1.22% 2018-19 vs 2017-18. Since such high growth in Sales and PAT is estimated, the same should be supported with adequate evidence. In the absence of the same we are not able to rely on the Valuation Report for Fair Value arrived for Equity shares of Indian Potash Limited (IPL). Further we are not able to assess the Fair Value of IPL due to lack of information. Due to the aforementioned we are unable to quantify the financial effects on the Total Comprehensive Income and Financial Assets.

- b. **Type of Audit Qualification** : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion

Qualified

- c. **Frequency of qualification**: Whether appeared first time / repetitive / since how long continuing

First time

- d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**

Impact not quantified by the auditor.

- e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**

- (i) **Management's estimation on the impact of audit qualification:**

Not quantifiable.

- (ii) **If management is unable to estimate the impact, reasons for the same:**

Fair value of financial instruments should be determined in accordance with the principles enunciated in Ind As 113 – Fair Value Measurement. Fair value has been defined under Ind As 113 as “Fair Value Measurements” and generally it will be quoted prices of that equity investment which are quoted or fair value as calculated using valuation techniques in case Unquoted equity investments.

In case of observable inputs are not readily available, company engages the professional services of independent third party qualified valuers to perform the valuation.

As the company has investment to the tune of 15,84,000 number of equity shares in Indian Potash Limited (IPL), which is a closely held company and not traded in the open market, observable inputs are not readily available for measurement of the fair value.

Accordingly, MFL has engaged independent certified valuer for valuation of the investment in IPL and have classified in the books of accounts as Fair Value through Other Comprehensive Income (FVOCI) and it is disclosed in significant Accounting Policies.

The fair valuation of the investment has been done by the valuer for past three years and taking into account the assumptions and justifications given in report. The Valuer, had fair valued the investment using Net Asset Value (NAV) and Comparable Company Market (CCM) Multiple Method and recommended for valuation at higher value of the above two methods.

As opposed to the auditor's observation of the company adopted CCM Method to ascertain the fair value of the investments held as on March 31, 2020, it is the recommendation of the valuer for the same and the company has adopted the report and accounted the same.

The method of valuation at higher value of the two methods same is followed consistently for last three years and also accepted by the auditors during the previous years. There is no change in the policy for the current year.

Neither the company nor the auditor is able to assess the Fair Value of Indian Potash Limited due to lack of information. The company is also not technically competent to carry out fair valuation of Equity Shares.


Hence the accounting is in order.

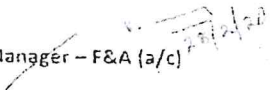
(iii) Auditors' Comments on (i) or (ii) above:

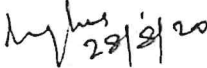
We observed that there is (i) increase of 33% in projected Sales for 2019-20 vs Actual Sales for 2018-19, when compared to 16.88% in 2018-19 Vs 2017-18, and (ii) projected PAT has increased by 90.88% for 2019-20 Vs Actual for 2018-19 when compared to decrease of 1.22% 2018-19 vs 2017-18. Since such high growth in Sales and PAT is estimated, the same should be supported with adequate evidence. In the absence of the same we are not able to rely on the Valuation Report for Fair Value arrived for Equity shares of Indian Potash Limited (IPL).

We are not Registered Valuers hence not technically competent to calculate Fair Value of Equity share of IPL. However, since we are not reasonably satisfied with the Valuation carried out by the external valuer we had to provide a Qualified Audit Report owing to the fact that value involved is material.

III Signatories:


Chairman & Managing Director 28/8/2020


General Manager - F&A (a/c)


Audit Committee Chairman

Statutory Auditor

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Place: Chennai

Date: August 28, 2020