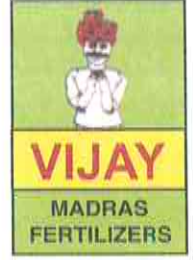




# मद्रास फ़र्टिलाइज़र्स लिमिटेड Madras Fertilizers Limited

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

पोस्ट बैग सं. 2, मणलि, चेन्नै - 600 068, भारत. दूर : 25941001 / 25941201 (10 लाइनें)  
Post Bag No. 2, Manali, Chennai - 600 068, INDIA. Tel : 25941001 / 25941201 (10 lines)  
फैक्स / Fax : कार्मिक / Per. 25941010 संयंत्र / Plant 25940005 विप. / Mktg. 25941862  
वित्त / Fin. 25943033 ई-मेल / E-mail : mfl@madrasfert.nic.in Website : www.madrasfert.nic.in



## MADRAS FERTILIZERS LIMITED (A Govt. of India Undertaking) Regd. Office : Manali, Chennai 600 068

Part I						(₹ in lakhs)
Statement of Audited Results for the Quarter and Year ended 31/03/2018.						
Sl.No	PARTICULARS	Quarter ended			Year ended	
		31-Mar-18	31-Dec-17	31-Mar-17	31-Mar-18	31-Mar-17
		(Unaudited)			(Audited)	
1	Income					
	(a) Revenue from operations	50,312	46,050	44,590	1,61,714	1,39,483
	(b) Other income	4,204	360	3,337	4,725	3,759
	Total income	54,516	46,410	47,927	1,66,439	1,43,242
2	Expenses					
	(a) Cost of materials consumed	36,429	35,200	38,821	1,25,552	1,17,703
	(b) Purchase of stock-in-trade	138	194	42	389	227
	(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	1,167	2,441	(4,406)	9,464	(10,343)
	(d) Employee benefits expense	2,675	2,646	2,763	9,854	9,660
	(e) Finance cost	2,099	1,871	1,895	7,539	7,353
	(f) Depreciation and amortization expense	596	535	285	2,201	2,136
	(g) Other expenses	4,159	4,439	4,269	15,904	16,032
	Total expenses	47,263	47,326	43,669	1,70,903	1,42,768
3	Profit / (Loss) before exceptional items and tax (1-2)	7,253	(916)	4,258	(4,464)	474
4	Exceptional items	(17)		(120)	(17)	(120)
5	Profit / (Loss) before tax (3+4)	7,236	(916)	4,138	(4,481)	354
6	Tax expense					
	(a) Current tax	-	-	-	-	-
	(b) Deferred tax	-	-	-	-	-
7	Profit / (Loss) for the period (5-6)	7,236	(916)	4,138	(4,481)	354
8	Other comprehensive income for the period					
	(a) (i) Items that will not be reclassified to profit or loss	(1,697)	(6)	(5)	(1,715)	(23)
	(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	(1,697)	(6)	(5)	(1,715)	(23)
9	Total comprehensive income for the period (7+8)	5,539	(922)	4,133	(6,196)	331
10	Earnings per share (not annualized):					
	- (a) Basic	3.44	(0.57)	2.57	(3.85)	0.21
	- (b) Diluted	3.44	(0.57)	2.57	(3.85)	0.21
11	Paid up equity share capital (Face value of ₹10/- each)	16,110	16,110	16,110	16,110	16,110



For J.V. RAMANUJAM & Co.,  
CHARTERED ACCOUNTANTS

SRI NARAYANA JAKHOTIA  
PARTNER M.No.233192

**A.B. NARE**  
Chairman and Managing Director  
MADRAS FERTILIZERS LIMITED  
Manali, Chennai - 600 068

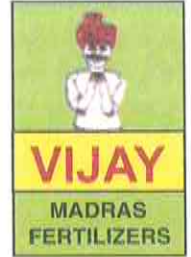
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# मद्रास फ़र्टिलाइज़र्स लिमिटेड Madras Fertilizers Limited

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

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## Balance Sheet

2

(₹ in lakhs)

	31 March 2018	31 March 2017
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	16,040	18,194
Capital work-in-progress	2,569	2,199
Investment property	123	124
Financial assets	-	-
Investments	14,894	13,528
Loans	33	74
Other financial assets	19	19
Other non-current assets	1,805	1,723
<b>Total non-current assets</b>	<b>35,483</b>	<b>35,861</b>
<b>Current assets</b>		
Inventories	21,986	31,355
Financial assets	-	-
Trade receivables	2,005	4,363
Cash and cash equivalents	9	17
Bank balances other than cash and cash equivalents	2,712	223
Loans	103	97
Other financial assets	95,174	50,307
Other current assets	749	758
<b>Total current assets</b>	<b>1,22,738</b>	<b>87,120</b>
<b>Total assets</b>	<b>1,58,221</b>	<b>1,22,981</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Equity share capital	16,214	16,214
Other equity	-	-
Retained earnings	(66,656)	(60,460)
Other reserves	1,239	1,239
<b>Total equity</b>	<b>(49,203)</b>	<b>(43,007)</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
Borrowings	10,686	13,601
Provisions	3,305	1,557
Other non-current liabilities	322	380
<b>Total non-current liabilities</b>	<b>14,313</b>	<b>15,538</b>
<b>Current liabilities</b>		
Financial liabilities		
Borrowings	1,39,959	1,11,755
Trade payables	38,181	24,629
Other financial liabilities	9,594	9,243
Provisions	745	883
Other current liabilities	4,632	3,940
<b>Total current liabilities</b>	<b>1,93,111</b>	<b>1,50,450</b>
<b>Total equity and liabilities</b>	<b>1,58,221</b>	<b>1,22,981</b>

**A.B. KHARE**  
Chairman and Managing Director  
MADRAS FERTILIZERS LIMITED  
Manali, Chennai - 600 068



For J.V. RAMANUJAM & Co.,  
CHARTERED ACCOUNTANTS  
SRI NARAYANA JAKHO  
PARTNER M.No.23  
M.No. 23319



**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 28<sup>th</sup> May, 2018. The results for the quarter and the year ended 31st March, 2018 have been audited by the Statutory Auditors. The above financial results are drawn in accordance with the accounting policies consistently followed by the Company.
- 2 The Company has adopted Ind AS (Indian Accounting Standards) w.e.f 1st April, 2017 (transition date being 1st April 2016) and accordingly the financial results for the quarter ended 31st December 2017 and 31st March 2018 and year ended 31st March, 2018 are in compliance with the Ind AS prescribed under Section 133 of the Companies Act, 2013 read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended). Accordingly, previous Indian Generally Accepted Accounting Principles (IGAAP) results for the quarter and year ended 31st March, 2017, have been restated to make the results comparable. The format for the quarterly results as prescribed in SEBI's circular CIR/CFD/CMD/15/2015 dated 30th November, 2015 has been modified to comply with requirements of SEBI's circular dated 5th July 2016, Ind-AS and Schedule III (Division III) to the Companies Act, 2013 applicable to companies that are required to comply with Ind-AS.
- 3 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.
- 4 The reconciliation of net profit as per Ind AS and previous IGAAP for the quarter and year ended 31st March 2017 is given below:

Particulars	(₹ in lakhs)	
	Quarter ended 31.03.2017	Year ended 31.03.2017
(1) Net profit / (loss) as per Previous Indian GAAP	1,301	(2,331)
(2) Impact of depreciation provided on reclassification of capital spares to PPE	(71)	(277)
(3) Impact of straight lining of lease rental expense	6	30
(4) Impact of reclassification of actuarial loss and net interest to OCI	5	23
(5) Impact of straight lining of lease rental income	3	15
(6) Fair valuation of investment in unquoted equity shares of Indian Potash Limited	2,905	2,905
(7) Others	(11)	(11)
(8) Net impact of Ind AS adjustments	2,837	2,685
(9) Net profit / (loss) before OCI as per Ind AS (1+8)	4,138	354
(10) Other Comprehensive Income	(5)	(23)
(11) Total Comprehensive Income as per Ind AS (9+10)	4,133	331



For J.V. RAMANUJAM & Co.,  
CHARTERED ACCOUNTANTS

*Sri Narayana Jakhota*  
SRI NARAYANA JAKHOTIA  
PARTNER M.No.233192

**A.B. KHARE**  
Chairman and Managing Director  
MADRAS FERTILIZERS LIMITED

5. Reconciliation of other equity between Ind AS compliant results with previously reported results are given below:

Particulars	(₹ in Cr)	
	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
Total equity (Shareholder's funds) as per previous GAAP	(555.46)	(532.15)
<b>Adjustments:</b>		
Lease rental expenses straight lined from date of inception of lease agreement	(2.91)	(3.21)
Lease rental income straight lined from date of inception of lease agreement	1.55	1.40
Fair valuation of lease deposits accepted / paid on transition to Ind AS	0.57	0.53
Fair valuation of employees loans given on transition to Ind AS	0.03	0.01
Capital spares recognised as Property, Plant and equipment and depreciated over useful life	(13.08)	(10.31)
Gain / (loss) on fair valuation of investment in Indian Potash Limited	134.89	105.84
Depreciation charge computed on the revised residual value of the Plant on leasehold land	(0.07)	-
Being cost of logistics park feasibility study written off	(0.10)	-
Reversal of expense not pertaining to 2017-18 adjusted on transition	4.51	4.51
<b>Total adjustments</b>	<b>125.39</b>	<b>98.77</b>
<b>Total equity as per Ind AS</b>	<b>(430.07)</b>	<b>(433.39)</b>

- 6 The figures of the current quarter ended 31st March 2018 and quarter ended 31st March 2017 are the balancing figures between the audited figures of the full financial year ended 31st March 2018 and 31st March 2017 respectively and the published year to date figures upto third quarter ended 31st December 2017 and 31st December 2016 respectively.
- 7 According to the requirements of Ind AS and SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, revenue for the quarter and year ended 31st March 2017 were reported inclusive of Excise Duty. The Government of India has implemented Goods and Service Tax ("GST") from 1st July 2017 replacing Excise Duty, Service Tax and various other indirect taxes. As per Ind AS, the revenue for the quarter ended 31st March 2018 and 31st December 2017 is reported net of GST. Revenue for the year ended 31st March 2018 includes excise duty upto 30th June 2017.



J.V. RAMANUJAM & Co.,  
CHARTERED ACCOUNTANTS  
SRI NARAYANA JAKHOTIA  
PARTNER/M.No.233192

**A.B. KHARE**  
Chairman and Managing Director  
MADRAS FERTILIZERS LIMITED



- 8 Ammonia & Urea Plant were shut down for 6 days during the quarter on account of maintenance jobs.
- 9 Complex Fertilizer Plants were not in line for 80 days during the quarter due to raw materials limitation and maintenance jobs during the quarter.
- 10 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).
- 11 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.
- 12 In view of the carry forward losses and allowances available for set off upto the year ended 31st March 2018, the provision for current tax is not considered necessary.
- 13 The figures for the previous period have been reclassified / regrouped wherever necessary.

By order of the Board

A B Khare

Chairman & Managing Director

Date : May 28, 2018

Place : Chennai

**A.B. KHARE**  
Chairman and Managing Director  
**MADRAS FERTILIZERS LIMITED**  
Manali, Chennai - 600 068



For J.V. RAMANUJAM & Co.,  
CHARTERED ACCOUNTANTS

SRI NARAYANA JAKHOTIA  
PARTNER M.No.233192



## **INDEPENDENT AUDITORS' REPORT**

**To the Members of Madras Fertilizers Limited**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Madras Fertilizers Limited, Manali**, which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. In conducting our Audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.





**J.V. RAMANUJAM & CO.,**  
**CHARTERED ACCOUNTANTS**

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, 2018; and its Loss, Total Comprehensive Income, the changes in Equity, and Cash Flows for the year ended on that date.

**Emphasis of Matter**

- i. We draw attention to Note 47 regarding
  - a. Accounting of a sum of Rs.182.13 Crores towards escalation in input prices which has been considered as receivable from Fertilizer Industry Coordination Committee (FICC) for the year ended 31<sup>st</sup> March 2018 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.15.71 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 48 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.

**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 standalone 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.



**J.V. RAMANUJAM & CO.,**  
**CHARTERED ACCOUNTANTS**

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone 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.
- (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 – "Annexure C"

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

*Sri Narayana Jakhotia*

(SRI NARAYANA JAKHOTIA)  
Partner  
M. No: 233192



Place : Chennai  
Date : 28<sup>th</sup> May, 2018





**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, 2018)**

- 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, last physical verification was done during 2014, and the same is due to be done for 2018. As per the information and explanations provided by the management, the same is in progress as on date. 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.







**J.V. RAMANUJAM & CO.,**  
**CHARTERED ACCOUNTANTS**

- 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 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, 2018 for a period of more than six months from the date they became payable.
- (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	Amount (in Crores)
GOI Loans	2004-05	23.49
GOI Loans	2005-06	23.49
GOI Loans	2006-07	24.89
GOI Loans	2007-08	26.08
GOI Loans	2008-09	27.03
GOI Loans	2009-10	26.44
GOI Loans	2010-11	27.34
GOI Loans	2011-12	28.63
GOI Loans	2012-13	38.33
GOI Loans	2013-14	45.78
GOI Loans	2014-15	32.68
GOI Loans	2015-16	32.68
GOI Loans	2016-17	31.28
GOI Loans	2017-18	30.09
	<b>Total *</b>	<b>418.23</b>

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







**J.V. RAMANUJAM & CO.,**  
**CHARTERED ACCOUNTANTS**

- 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.
- 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

*Sri Narayan Jakhotia*  
(SRI NARAYANA JAKHOTIA)

Partner

M. No: 233192



Place : Chennai  
Date : 28<sup>th</sup> May, 2018





**“ANNEXURE B” to the Independent Auditor’s Report of even date on the  
Standalone 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, 2018 in conjunction with our audit of the standalone 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





**J.V. RAMANUJAM & CO.,**  
**CHARTERED ACCOUNTANTS**

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 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, 2018, 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  
FRN: 02947S

  
(SRI NARAYANA JAKHOTIA)  
Partner  
M. No: 233192



Place : Chennai  
Date : 28<sup>th</sup> May, 2018



**J.V. RAMANUJAM & CO.,**  
**CHARTERED ACCOUNTANTS**

**“Annexure C”**

**Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of Madras Fertilizers Limited (Standalone) for the year 2017-18 issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013**

SI No	Areas Examined	Suggested Replies
1	Whether the Company has clear title/ lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not available.	a) Clear Title/ lease deeds : - Yes b) If answer to (a) above is No, then : (i) Freehold area (Acres) : Not Applicable (ii) Leasehold area (Acres) : Not Applicable
2	Whether there are any cases of waiver/ write off of debts/ loans/ interest etc. If yes, the reasons thereof and amount involved.	As informed to us by the Management, no cases of waiver of debt/ loan/ interest by the Company for any of the debts/loans given.
3	Whether proper records are maintained for inventories lying with third parties and assets received as gift/grant(s) from the Govt. or other authorities.	As informed to us by the Management, there are no amounts of inventories lying with third parties. Further, during the year there are no instances of assets received as gift(s)/ grant(s) from Govt. or other authorities.

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

*Sri Narayana Jakhotia*  
(SRI NARAYANA JAKHOTIA)  
Partner



M. No: 233192

Place : Chennai  
Date : 28<sup>th</sup> May, 2018