एम.एफ़.एल.

# 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 : 2594 1001 / फैकस 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.co.in email: gmpasec@madrasfert.co.in
CIN: L32201TN1966GO1005469 GSTIN - 33AAACM5198E1ZK

Certified by URS
ISO 14001 : 2015 APPROVED BY ICS
VIJAY MADRAS FERTILIZERS

CS/NSE/2024/1214
May 28, 2024

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

SCRIP CODE : MADRASFERT

Dear Sirs,

Sub: Outcome of the Board Meeting in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

This is to inform that Board at its meeting held on today i.e. 28th May 2024, has approved the Audited Financial Results (Standalone) of the Company for the 4th quarter and financial year ended 31st March 2024.

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

1. Audited Financial Results (Standalone) of the Company for the 4th quarter and financial year ended 31st March, 2024;

2. Auditor's Report in respect of the Audited Financial Results (Standalone) for the 4th quarter and financial year ended 31st March, 2024;

3. Statement on impact of Audit Qualifications (for Audit Report with modified opinion) submitted along with annual Financial Results as per Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016.

This is for your information and record.

Very truly yours

PRIYA RANJAN PANDA
Digitally signed by PRIYA RANJAN PANDA
Date: 2024.05.28 16:26:01 +05'30'

**Priya Ranjan Panda**
**CFO & Compliance Officer**

Enc: a/a

एम.एफ.एल.
मद्रास फर्टिलाइज़र्स लिमिटेड
Madras Fertilizers Limited
(भारत सरकार का उपक्रम / A Government of India Undertaking)
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VIJAY MADRAS FERTILIZERS

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 31/03/2024.

(₹ in lakhs)

| | Particulars | Quarter ended | | | Year ended | |
|---|---|---|---|---|---|---|
| | | 31-Mar-24 | 31-Dec-23 | 31-Mar-23 | 31-Mar-24 | 31-Mar-23 |
| | | Unaudited | Unaudited | Unaudited | Audited | Audited |
| 1 | Income | | | | | |
| | (a) Revenue from operations | 75,848 | 55,605 | 76,813 | 2,22,842 | 3,44,709 |
| | (b) Other income | 2,152 | 998 | 650 | 4,426 | 1,431 |
| | Total income | 78,000 | 56,603 | 77,463 | 2,27,268 | 3,46,140 |
| 2 | Expenses | | | | | |
| | (a) Cost of materials consumed | 50,590 | 43,237 | 52,806 | 1,64,894 | 2,48,630 |
| | (b) Purchase of stock-in-trade | 195 | 340 | 144 | 1,095 | 954 |
| | (c) Changes in inventories of finished goods, stock-in-trade and work-in-progress | 1,844 | (1,711) | (230) | (3,456) | 4,842 |
| | (d) Operating and Maintenance Expenses | - | - | - | - | - |
| | (e) Employee benefits expense | 8,708 | 8,893 | 11,616 | 35,692 | 44,851 |
| | (f) Finance cost | 2,652 | 2,660 | 3,158 | 10,230 | 10,560 |
| | (g) Depreciation and amortization expense | 2,419 | 1,576 | 1,902 | 7,221 | 7,819 |
| | (h) Other expenses | 128 | 300 | 59 | 1,029 | 959 |
| | Total expenses | 2,635 | 846 | 889 | 4,377 | 2,659 |
| 3 | Profit / (Loss) before exceptional items and tax (1-2) | 69,171 | 56,141 | 70,344 | 2,21,082 | 3,21,274 |
| 4 | Exceptional items-stock loss due to Michaung and Land Compensation | 8,829 | 462 | 7,119 | 6,186 | 24,866 |
| 5 | Profit / (Loss) before tax (3+4) | 632 | (5,631) | | (4,999) | |
| | | 9,461 | (5,169) | 7,119 | 1,187 | 24,866 |
| 6 | Tax expense | | | | | |
| | (a) Current tax | 500 | - | 1,854 | 500 | 5,800 |
| | (b) Earlier years tax | 39 | - | 371 | 39 | 371 |
| | (b) Deferred tax | 92 | - | 162 | 92 | 162 |
| 7 | Profit / (Loss) for the period (5-6) | 8,830 | (5,169) | 4,732 | 556 | 18,533 |
| 8 | Other comprehensive income for the period | | | | | |
| | (a) (i) Items that will not be reclassified to profit or loss | 85 | 7 | 124 | 11,844 | 8,773 |
| | (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 | | | | | |
| | ( C) Tax(expenses)/benefit on above | 85 | 7 | 124 | 11,844 | 8,773 |
| | Total Other Comprehensive Income | 20 | 69 | (35) | (2,665) | (5,473) |
| 9 | Total comprehensive income for the period (7+8) | 105 | 76 | 89 | 9,179 | 3,300 |
| 10 | Earnings per share (not annualized): | 8,935 | (5,093) | 4,821 | 9,735 | 21,833 |
| | - (a) Basic | 5.48 | (3.21) | 2.94 | 0.35 | 11.50 |
| | - (b) Diluted | 5.48 | (3.21) | 2.94 | 0.35 | 11.50 |
| 11 | Paid up equity share capital (Face value of ₹10/- each) | 16,110 | 16,110 | 16,110 | 16,110 | 16,110 |

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

PRIYA RANJAN PANDA
CHIEF FINANCIAL OFFICER
MADRAS FERTILIZERS LIMITED
MANALI, CHENNAI-600 068.

For CHANDRAN & RAMAN
CHARTERED ACCOUNTANTS
REGISTRATION No.: 000571S

(S. PATTABIRAMAN)
PARTNER
M. No:14309

DATE: 28th MAY 2024

CHANDRAN & RAMAN * CHENNAI 600 004 * CHARTERED ACCOUNTANTS

**Balance Sheet**

(₹ in lakhs)

| | 31 March 2024 | 31 March 2023 |
|---|---|---|
| **Assets** | | |
| Non-current assets | | |
| Property, plant and equipment | 19,841 | 19,037 |
| Right to use Assets | - | 7 |
| Capital work-in-progress | 2,102 | 1,170 |
| Intangible Asset Under Development | 439 | 170 |
| Investment property | 132 | 133 |
| Financial assets | | |
| Investments | 45,477 | 33,699 |
| Loans | 2,085 | 1,790 |
| Other financial assets | 289 | 130 |
| Other non-current assets | 1,753 | 1,673 |
| **Total non-current assets** | 72,118 | 57,809 |
| Current assets | | |
| Inventories | 20,625 | 23,196 |
| Financial assets | | |
| Trade receivables | 32,131 | 50,361 |
| Cash and cash equivalents | 55,114 | 36,913 |
| Bank balances other than cash and cash equivalents | 1,241 | 3,002 |
| Loans | 55 | 47 |
| Other financial assets | 2,165 | 662 |
| Current assets (Net) | 500 | 554 |
| Other current assets | 16,799 | 13,132 |
| **Total current assets** | 1,28,630 | 1,27,867 |
| **Asset Held for Sale** | - | - |
| **Total assets** | 2,00,749 | 1,85,676 |
| **Equity and liabilities** | | |
| **Equity** | | |
| Equity share capital | 16,214 | 16,214 |
| Other equity | (35,186) | (44,921) |
| **Total equity** | (18,972) | (28,707) |
| **Liabilities** | | |
| **Non-current liabilities** | | |
| Financial liabilities | | |
| Borrowings | - | - |
| Lease Liabilities | - | - |
| Employee benefit Oblications | 4,647 | 4,316 |
| Deferred tax liability(Net) | 10,909 | 8,153 |
| Other non-current liabilities | 40 | 52 |
| **Total non-current liabilities** | 15,596 | 12,521 |
| **Current liabilities** | | |
| Financial liabilities | | |
| Borrowings | 1,58,324 | 1,49,407 |
| Trade payables | 28,314 | 29,916 |
| Lease liabilities | - | 2 |
| Other financial liabilities | 10,992 | 13,255 |
| Employee benefit Oblications | 1,216 | 1,212 |
| Other current liabilities | 5,279 | 8,070 |
| **Total current liabilities** | 2,04,125 | 2,01,862 |
| **Total equity and liabilities** | 2,00,749 | 1,85,676 |

For CHANDRAN & RAMAN
CHARTERED ACCOUNTANTS
REGISTRATION No.:000571S

CHENNAI 600 004

(S. PATTABIRAMAN)
PARTNER
M. No:14309

DATE: 28th MAY 2024

RIYA RANJAN PANDA
CHIEF FINANCIAL OFFICER
MADRAS FERTILIZERS LIMITED
MANALI, CHENNAI-600 068.

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

| Statement of Cash Flow for the year ended March 31,2024 | (₹ in lakhs) | |
|---|---|---|
| Balance Sheet as at March 31,2024 | Year Ended March 31st | |
| | 2024 | 2023 |
| **A CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Profit before Tax from Continuing Operations | 1186 | 24866 |
| Add/(Less) Adjustment for : | | |
| Depreciation and Amortization Expense | 1029 | 959 |
| Finance Costs | 7123 | 7816 |
| Interest Income | (2562) | (688) |
| Dividend Income | (111) | (95) |
| Income from Investment Properties | (373) | (464) |
| Provision No Longer required/Written Back of Accounts | (1101) | (22) |
| Provisions made during the year | 0 | 177 |
| Loss on derecognition of Property Plant and equipment | 99 | 0 |
| (Profit)/Loss on sale of Property, Plant and Equipment & Asset held for sale | 0 | (1) |
| **Operating Cash Flow before Working Capital Changes** | 5290 | 32548 |
| Adjustment for : | | |
| (Increase)/Decrease in Inventories | 2571 | 5178 |
| (Increase)/Decrease in Trade Receivables | 18230 | 48003 |
| (Increase)/Decrease in Loans & Advances | (304) | (361) |
| (Increase)/Decrease in Other Assets | (3631) | (2288) |
| Increase/(decrease) in Provisions | 335 | (1242) |
| Increase/(decrease) in Trade Payables | (455) | (959) |
| Increase/(decrease) in Other Liabilities | (5112) | (6339) |
| **Cash Generated from Operations** | 16924 | 74540 |
| Direct Tax paid (Net of refunds) | (502) | (5800) |
| **Net Cash from Operating Activities** | 16422 | 68740 |
| **B CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Purchase of Property, Plant and Equipment | (1479) | (78) |
| (Increase)/Decrease in Capital Work in Progress | (1679) | (991) |
| Interest Received (Gross) | 2562 | 688 |
| Income from Investment Properties | 373 | 464 |
| Dividend Income | 111 | 95 |
| Proceeds from sale of Property, Plant and Equipment | 2 | 1 |
| **Net Cash from Investing Activities** | (110) | 179 |
| **C CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Net proceeds from Term Borrowings | 0 | (106) |
| Net proceeds from Financial Assets | 0 | 0 |
| Net proceeds from Working capital and Short-term borrowings | 3459 | (29435) |
| Repayment of Lease Liability | (2) | (110) |
| Interest Paid | (1567) | (2356) |
| **Net Cash from Financing Activities** | 1890 | (32007) |
| **ABSTRACT** | | |
| (A) Net Cash from Operating Activities | 16422 | 68740 |
| (B) Net Cash from Investing Activities | (110) | 179 |
| (C) Net Cash used in Financing Activities | 1890 | (32007) |
| **Net Increase/(Decrease) in Cash and Cash Equivalents** | 18202 | 36912 |
| Cash and Cash Equivalents at the beginning of the year | 36912 | 0 |
| **Cash and Cash Equivalents at the end of the year** | 55114 | 36912 |
| **COMPONENTS OF CASH AND CASH EQUIVALENTS** | | |
| Cash on Hand | 0 | 0 |
| Remittance in Transit | 0 | 0 |
| Balance with banks: | | |
| in Current and Cash Credit Accounts | 1 | 0 |
| in Term Deposits with less than 12 months maturity | 55113 | 36912 |
| **Total Cash and Cash equivalents** | 55114 | 36912 |

For CHANDRAN & RAMAN
CHARTERED ACCOUNTANTS
REGISTRATION No.: 000571S

(S. PATTABIRAMAN)
PARTNER
M. No:14309

CHANDRAN & RAMAN CHENNAI 600 004 CHARTERED ACCOUNTANTS

DATE: 28th MAY 2024

PRIYA RANJAN PANDA
CHIEF FINANCIAL OFFICER
MADRAS FERTILIZERS LIMITED
MANALI, CHENNAI-600 068.

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 May 2024. The results for the quarter and the year ended 31st March 2024 have audited by the Statutory Auditors. The above financial results are drawn in accordance with the accounting policies consistently followed by the Company.

2 Ammonia Plant was shut-down for 6 days due to Ammonia plant gas venting @3PC due to 110 ATA HHP steam to K1601 N/S header leak.

NPK Plant was shut-down for the quarter due to Raw Material Limitation (Imported Urea).

3 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).

4 As per Regulation 33 (3) E of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 the figures of the quarter ended March 31, 2024 and March 31, 2023 are the balance figures in respect of the full financial year and the unaudited published year-to-date figures up to the third quarter ended December 31, 2023 and December 31, 2022 respectively.

5 The company was holding a provision of ₹ 48.33 Cr as on 01.04.2023 as a prudence measure to meet any contingencies of any additional liability towards GST on completion of the reconciliation of figures of ITC as per the book Vs Electronic Credit Ledger. During the current financial year reconciliation has been undertaken and completed in respect of FY 2020-21, 2021-22 & 2022-23. On completion of the said reconciliation the company has identified ₹ 5.89 Cr as ITC not eligible for setoff and accordingly charged off in the statement of Profit & Loss under Rates & Taxes. Consequent upon the charging of the said amount, the company has written back ₹5.89 Cr from out of the provision held of Rs 48.33 Cr being the provision considered no longer required.

For CHANDRAN & RAMAN
CHARTERED ACCOUNTANTS
REGISTRATION No.:000571S

(S. PATTABIRAMAN)
PARTNER
M. No:14309

DATE: 28th MAY 2024

CHANDRAN & RAMAN CHENNAI 600 004 CHARTERED ACCOUNTANTS

PRIYA RANJAN PANDA
CHIEF FINANCIAL OFFICER
MADRAS FERTILIZERS LIMITED
MANALI, CHENNAI-600 068.

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

From the provision of Rs 48.33 Cr held in the books as on 01-04-2023, a sum of Rs 4.88 Cr has been written back in the statement of Profit & Loss since in the opinion of the management only a sum of Rs 37.57 Cr is required to be retained as provision for the probable omission / errors which might come to light on the completion of the reconciliation of the figures of Input Tax Credit between books of accounts and Electronic Credit Ledger for the FY 2017-18, 2018-19 & 2019-20.

On completion of the reconciliation of ITC as reflected in the books of accounts and with relevant statutory records under GST regulations for the FYs 2020-21, 2021-22 and 2022-23, the Company has identified ₹ 13.78 Cr being the loss arising out of ineligibility to claim the ITC due to non-compliance with the GST regulation on the part of the certain vendors / contractors. In the opinion of the Management the said sum of ₹ 13.78 Cr is recoverable from the said vendors / contactors since, the parties are mostly regular vendors/suppliers of the Company and accordingly the said sum is considered as claims recoverable and grouped under Other Current Assets. The management is in the process of taking efforts to recover the said sum and pending the outcome of the measures taken for recovery, no provision has been considered necessary in the accounts for the said sum by the management.

6 The figures for the previous year have been regrouped/reclassified to correspond with the current year's classification and disclosure.

**By order of Board**

**NEERAJA ADIDAM**
**CHAIRMAN & MANAGING DIRECTOR**
**DIN : 09351163**

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

Date : May 28, 2024
Place : Chennai
600004

**PRIYA RANJAN PANDA**
**CHIEF FINANCIAL OFFICER**
**MADRAS FERTILIZERS LIMITED**
**MANALI, CHENNAI-600 068.**

For CHANDRAN & RAMAN
CHARTERED ACCOUNTANTS
REGISTRATION No.:000571S

(S. PATTABIRAMAN)
PARTNER
M. No:14309

CHANDRAN & RAMAN CHARTERED ACCOUNTANTS CHENNAI 600 004

**MADRAS FERTILIZERS LIMITED**

**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, 2024**
**[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]**

I.

| S. No. | Particulars | Audited Figures (as reported before adjusting for qualifications) | Audited Figures (Audited Figures after adjusting for qualifications) |
|---|---|---|---|
| | | (Rs. In Crores) | (Rs. In Crores) |
| 1 | Total Income | 2272.68 | 2272.68 |
| 2 | Total Expenditure | 2210.83 | 2210.83 |
| 3 | Net Profit / (Loss) | 5.55 | 5.55 |
| 4 | Earnings Per Share | 0.34 | 0.34 |
| 5 | Total Assets | 2007.49 | 2007.49 |
| 6 | Total Liabilities | 2007.49 | 2007.49 |
| 7 | Net Worth | (189.72) | (189.72) |
| 8 | Any other financial item(s) (as felt appropriate by the management) | Nil | Nil |

II. Audit Qualification (each audit qualification separately)

a. Details of Audit Qualifications:

**(i) Goods and Service Tax (GST) Accounting:**

Amount shown under Current Assets in the Balance sheet includes Rs 13.78 Cr. The said sum represents amount considered as recoverable from suppliers / contractors by the company, being the amount of Input Tax Credit (ITC) becoming unavailable for set off against the GST liability on account of non-compliance with the GST regulations on the part of the said suppliers / contractors. The company has correspondingly reduced the said sum of Rs 13.78 Cr in the Input tax credit account in the accounts. The company could not obtain confirmation from the said suppliers / contractors confirming their liability to the company for the payment of the said sum. We are of the opinion that for want of confirmation as stated above, the said sum of Rs 13.78 Cr ought to have been provided for in the statement of Profit &

...2

Loss. The non-provisioning of the said sum had resulted in the overstatement of profit by Rs 13.78 Cr with the corresponding overstatement of current assets in the balance sheet.

The reconciliation of ITC figures between the books and the electronic credit ledger for the FY 2018-19 & 2019-20 are pending as on the date of balance sheet. Further, the reconciliation of the ITC figures between the books and the figures as appearing in electronic credit ledger (GST portal) for the FY 2017-18 had not been taken up for reconciliation by the company. Company holds adhoc provision of Rs 37.57 Cr to meet any shortfall, if any, that may arise on the completion of the reconciliation for the years as stated above. We are unable to express our opinion as to the impact on the non-reconciliation of ITC on the financial results of the company and also on the adequacy or otherwise, of the provision held by the company to meet the shortfall that may arise.

**(ii) Non Capitalisation of Borrowing cost:**

Our examination of books of accounts and other relevant records has indicated that a sum of Rs 7.68 Cr has been utilised from the working capital facility availed by the company from the bank for the payment towards ammonia energy reduction project which is under development. The said project is included under capital-work-in-progress and is an qualifying asset as per the significant accounting policy laid down by the company for capitalisation of borrowing cost. The company has not complied with the requirements of Ind AS 23 and also the significant accounting policy "H" regarding capitalisation of borrowing cost on borrowed funds resulting in non-capitalisation of borrowing cost of Rs 0.13 Cr. Had the company capitalised the said sum the capital work in progress in the balance sheet would be higher by the said amount of Rs 0.13 Cr with the corresponding increase in the profit in the statement of Profit and Loss by similar amount for current year.

b. Type of Audit Qualification(s) : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion:
Qualified

c. Frequency of qualification(s) : Whether appeared first time / repetitive / since how long continuing:
First time

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

Impact not quantified by the Auditor.

e. For Audit Qualification(s) where the impact is not quantified by the Auditors.

➢ Management's estimation on the impact of Audit Qualification:

Not quantifiable.

➢ If management is unable to estimate the impact, reasons for the same:

**(i) Goods and Service Tax (GST) Accounting:**

The company has appointed a consultant for reconciliation of Input Tax Credit (ITC) available in the books of accounts and electronic ledger. The consultant has completed reconciliation for the years 2020-21 to 2022-23. Reconciliation for the years is in progress. The company has identified the list of suppliers who have not filed the GSTR-I and the consequent, credit to the electronic credit ledger who are suppliers at present where the chance of recovery from the payment due to them from current supplies and suppliers having good credit profile. The Company is in the process of recovery of the same from the identified suppliers. The non-regular suppliers or suppliers having negative credit profile, where chance of recovery is less is written off during the year.

The company is in process of reconciliation of Input Tax Credit (ITC) available in the books of accounts and electronic ledger for the year 2017-18 to 2019-20 and holds adhoc provision of Rs 37.57 Cr to meet the shortfall, which is adequate in the view of the management.

There will no impact in the financial statements, once the above corrective action is carried out.

**(ii) Non Capitalisation of Borrowing cost:**

The company is in the process of implementation of energy reduction project in Ammonia plant. The estimated cost for the project is around Rs 600 Cr. The study report of the process licensor received and basic engineering job is in progress. Based on the basic engineering, detailed engineering job and procurement action will be undertaken. The duration of the project is around 2 to 3 years. At the time of implementation of the project, Company will go for specific borrowings for funding the project. At present the payment for the study report is paid form the internal accruals only. The working capital loan is totally used for working purpose only.

Hence, the accounting is in order there will no impact in the financial statements.

**Auditor's Comments:**

Our opinion on the standalone financial results are based on the standards on auditing (SAs) and Indian Accounting Standards and we are expressing only a reasonable assurance. The Non-availability of appropriate audit evidence and materiality involved, the qualifications are retained for the following reasons:

i. The company was not in a position to obtain and place before us the confirmation from the respective suppliers / contractors, (from whom the company is confident of realising the sum of Rs 13.78 Cr). For want of the said confirmation we had to express a qualified opinion with regard to the realisability of the said sum.

ii. The completion of the reconciliation in respect of the FY 2020-21, 2021-22 & 2022-23 has indicated that there were differences relating to Input tax credit between the books of accounts and the electronic credit ledger (GST Portal) and which has resulted in a write off of Rs 5.89 Cr during the current financial year and identification of sum of Rs 13.78 Cr to be realised from suppliers / contractors as stated in para 1 above. In view of the above we are unable to form an opinion regarding the adequacy or otherwise, of the provision held by the company to meet the shortfall that may arise if any on completion of the reconciliation for the remaining financial years.

iii. Ind AS 23 – Borrowing cost, states as under

*"To the extent that an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to all borrowings of the entity that are outstanding during the period."*

Significant accounting policy followed by the company (Policy "H") also mentions that general borrowing cost attributable to the acquisition, construction or production of a qualifying assets which take a substantial period of time to get ready for their intended use are added to cost of those assets, until such time the as the assets is substantially ready for their intended use.

It was observed by us that the company has utilised a sum of Rs 7.68 Cr from working capital loan account availed, despite the fact that the loan was availed for working capital requirements. Further the company has not earmarked any specific funds from out of its income for meeting the cost of the acquisition of the qualifying asset. Therefore, in our opinion the company has not complied with mandatory Indian Accounting Standard – 23 and also the significant accounting policy "H" of the company, which has resulted in giving a qualified opinion.

iv. Signatories

Chairman & Managing Director

Audit Committee Chairman

Chief Financial Officer

Statutory Auditor

For CHANDRAN & RAMAN
CHARTERED ACCOUNTANTS
REGISTRATION No.:000571S

(S. PATTABIRAMAN)
PARTNER
M. No:14309

Place: Chennai

Date: May 28, 2024

CHANDRAN & RAMAN
CHENNAI
600 004
CHARTERED ACCOUNTANTS

Chandran & Raman
Chartered Accountants

"Paragon"
No.2, Dr. Radhakrishnan Road,
2nd Street, Mylapore, Chennai - 600 004.
Tel: 044-28474667, 28474775
28473665, 42040006
E-mail: cnrmds@gmail.com
www.chandranandraman.com

## Independent Auditor's Report

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**To**
The Board of Directors of
Madras Fertilizers Limited

Report on the Audit of the Standalone Financial Results Pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

### Qualified Opinion

We have audited the accompanying Standalone Ind AS financial results of Madras Fertilizers Limited (referred to as the "Company") for the year ended 31st March 2024 (the Statement) attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("The Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us,the aforesaid standalone financial results:

i. are presented in accordance with the requirements of Regulation 33 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended in this regard, except for the effects of the matters described in the Basis of Qualified Opinion paragraph: and

ii. gives a true and fair view in conformity with the Indian Accounting Standards prescribed under Sec 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2024, the total comprehensive income and other financial information of the Company for the year ended 31st March 2024.

### Basis for Qualified Opinion

1. Amount shown under Current Assets in the Balance sheet includes Rs 13.78 Cr. The said sum represents amount considered as recoverable from suppliers / contractors by the company, being the amount of Input Tax Credit (ITC) becoming unavailable for set off against the GST liability on account of non-compliance with the GST regulations on the part of the said suppliers / contractors. The company has correspondingly reduced the said sum of Rs 13.78 Cr in the Input tax credit account in the accounts. The company could not obtain confirmation from the said suppliers / contractors confirming their liability to the company for the payment of the said sum. We are of the opinion that for want of confirmation as stated above, the said sum of Rs 13.78 Cr ought to have been provided for in the statement of Profit

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& Loss. The non-provisioning of the said sum had resulted in the overstatement of profit by Rs 13.78 Cr with the corresponding overstatement of current assets in the balance sheet.

2. The reconciliation of ITC figures between the books and the electronic credit ledger for the FY 2018-19 & 2019-20 are pending as on the date of balance sheet. Further, the reconciliation of the ITC figures between the books and the figures as appearing in electronic credit ledger (GST portal) for the FY 2017-18 had not been taken up for reconciliation by the company. Company holds adhoc provision of Rs 37.57 Cr to meet any shortfall, if any, that may arise on the completion of the reconciliation for the years as stated above. We are unable to express our opinion as to the impact on the non-reconciliation of ITC on the financial results of the company and also on the adequacy or otherwise, of the provision held by the company to meet the shortfall that may arise.

3. Our examination of books of accounts and other relevant records has indicated that a sum of Rs 7.68 Cr has been utilised from the working capital facility availed by the company from the bank for the payment towards ammonia energy reduction project which is under development. The said project is included under capital-work-in-progress and is an qualifying asset as per the significant accounting policy laid down by the company for capitalisation of borrowing cost. The company has not complied with the requirements of Ind AS 23 and also the significant accounting policy "H" regarding capitalisation of borrowing cost on borrowed funds resulting in non-capitalisation of borrowing cost of Rs 0.13 Cr. Had the company capitalised the said sum the capital work in progress in the balance sheet would be higher by the said amount of Rs 0.13 Cr with the corresponding increase in the profit in the statement of Profit and Loss by similar amount for current year.

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 Results 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 results under the provisions of the Companies Act, 2013 and the Rules there under, 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 qualified opinion.

**Emphasis of Matter:**

a. Penal Interest on GOI Loans:
The company has made a request to Government of India for the waiver of the interest and penal interest payable on the GOI loans as part of the revival package. Pending the disposal of the revival package, the Company has considered the penal interest at 2.75%, amounting to Rs.351.68 crores upto the financial year ending 31.03.2024 as Contingent Liability only.

b. Exceptional items:
- The company has received an award of Rs 6.32 Cr from Indian Oil Corporation Ltd towards the right to use the said land for laying the pipelines which is considered as an exceptional item of Income.

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- The company has accounted the loss of inventory amounting to Rs 56.31 Cr due to floods in Chennai in the month of Dec-23 which is considered as an exceptional item of expenditure.

Our opinion is not modified in respect of these matters.

**Responsibility of Management for the Standalone Financial Results:**

The Standalone Annual Financial Results have been prepared on the basis of related quarterly and annual standalone financial statements. The Company's management and the Board of Directors of the Company are responsible for the preparation and presentation of the Standalone Annual Financial Results that give a true and fair view of the total comprehensive income of the Company and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ("the Act") and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 the design, implementation and maintenance of adequate internal financial controls' that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone annual financial results that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the Standalone Annual Financial Results, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibility for the Audit of the Standalone Financial Results:**

Our objectives are to obtain reasonable assurance about whether the standalone financial results as a whole are free from material misstatements, 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 standalone financial results.

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

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a. Identify and assess the risks of material misstatements of the standalone financial results, 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;

b. 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 company has in place an adequate internal financial controls system in place and the operating effectiveness of such controls;

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

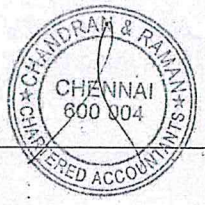
d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone 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;

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

Materiality is the magnitude of misstatements in the standalone financial results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial results may be influenced. We consider quantitative materiality and qualitative factors as in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial results.

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.



**Other Matters:**

1. The statement incudes the financial results for the quarter ended 31st March 2024, being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year-to-date figures upto the third quarter of the current financial year, which were subject to limited review by us.

2. During the audit, we observed that most of charges already satisfied are still appearing in the records of 'Index of charges' under Ministry of Corporate Affairs (MCA) portal. The company has to take appropriate measures in order to clear the charges which are not live as on date.

3. The company makes provident fund contribution to the trust set up by the company under the name and style "MFL Employees Contributory Provident Fund Trust".

   As per the audit report of the Trust, Auditor has qualified his opinion stating that the investment portfolio of the trust includes investments in IL&FS Transportation Network Limited, and SREI Infrastructure amounting to Rs 5.45 Cr and Interest accrued thereon amounting to Rs 1.72 Cr, and the said entities are under the process of insolvency, and no provision is made in the accounts of the Provident Fund Trust for the diminution in the value of the said Investments.

Our opinion is not modified in respect of these matters.

For Chandran and Raman
Chartered Accountants
Firm Registration No: 000571S

(S Pattabiraman)
Partner
Membership No: 014309
UDIN: 24014309BKELAA9412

Place: Chennai
Date: 28.05.2024

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