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 : 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

ISO 9001 : 2008 APPROVED BY IRQS

ISO 14001 : 2004 APPROVED BY IRQS

VIJAY
MADRAS FERTILIZERS

CS/NSE/2021/896
June 23, 2021

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: **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. 23rd June 2021, has approved the Audited Financial Results (Standalone) of the Company for the 4th quarter and financial year ended 31st March 2021.

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, 2021;

2) Auditor's Report in respect of the Audited Financial Results (Standalone) for the 4th quarter and financial year ended 31st March, 2021;

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

23.06.2021

Dr. Girish Kumar
Company Secretary

Enc : a/a

एम.एफ.एल.

मद्रास फ़र्टिलाइज़र्स लिमिटेड
Madras Fertilizers Limited

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

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ISO 9001 : 2000 APPROVED BY IRQS
ISO 14001 APPROVED BY IRQS
VIJAY MADRAS FERTILIZERS

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 31/03/2021.

	Particulars	Quarter ended			Year ended	
		31-Mar-21	31-Dec-20	31-Mar-20	31-Mar-21	31-Mar-20
		Unaudited	Unaudited	Unaudited	Audited	Audited
1	Income					
	(a) Revenue from operations	46,011	44,187	44,523	153,204	127,659
	(b) Other income	360	199	2,398	802	2,788
	Total income	46,371	44,386	46,921	154,006	130,447
2	Expenses					
	(a) Cost of materials consumed	28,510	25,027	31,122	91,631	93,232
	(b) Purchase of stock-in-trade	79	143	163	524	557
	(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	(2,202)	2,418	(1,027)	(108)	(7,860)
	(d) Operating and Maintenance Expenses	9,667	9,672	8,714	36,323	32,159
	(e) Employee benefits expense	2,821	2,440	2,435	10,097	9,679
	(f) Finance cost	2,921	2,425	2,432	9,847	9,244
	(g) Depreciation and amortization expense	1,008	702	1,508	3,114	3,158
	(h) Other expenses	908	968	888	2,291	2,804
	Total expenses	43,712	43,795	46,235	153,719	142,973
3	Profit / (Loss) before exceptional items and tax (1-2)	2,659	591	686	287	(12,526)
4	Exceptional items					
5	Profit / (Loss) before tax (3+4)	2,659	591	686	287	(12,526)
6	Tax expense					
	(a) Current tax	-	-	-	-	-
	(b) Deferred tax	-	-	-	-	-
7	Profit / (Loss) for the period (5-6)	2,659	591	686	287	(12,526)
8	Other comprehensive income for the period					
	(a) (i) Items that will not be reclassified to profit or loss	3,154	-	(2,345)	3,154	(2,345)
	(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	3,154	-	(2,345)	3,154	(2,345)
9	Total comprehensive income for the period (7+8)	5,813	591	(1,659)	3,441	(14,871)
10	Earnings per share (not annualized):					
	- (a) Basic	1.65	0.37	0.43	0.18	(7.78)
	- (b) Diluted	1.65	0.37	0.43	0.18	(7.78)
11	Paid up equity share capital (Face value of ₹10/- each)	16,110	16,110	16,110	16,110	16,110

VIDE OUR REPORT OF EVEN DATE

For ANAND & PONNAPPAN
CHARTERED ACCOUNTANTS
(FRN 000111S)

(R. PONNAPPAN)
MEMB. No: 021695
PARTNER

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

Balance Sheet

(₹ in lakhs)

	31 March 2021	31 March 2020
Assets		
Non-current assets		
Property, plant and equipment	18,842	21,499
Right to use Assets	82	127
Capital work-in-progress	1,778	313
Investment property	122	122
Financial assets	-	-
Investments	20,275	17,980
Loans	1,049	589
Other financial assets	28	28
Other non-current assets	1,401	1,647
Total non-current assets	43,577	42,305
Current assets		
Inventories	24,667	23,945
Financial assets	-	-
Trade receivables	29,331	50,422
Cash and cash equivalents	5,000	10,008
Bank balances other than cash and cash equivalents	2,979	3,323
Loans	67	118
Other financial assets	502	400
Other current assets	13,399	9,597
Total current assets	75,945	97,813
Asset Held for Sale	1,578	1
Total assets	1,21,100	1,40,119
Equity and liabilities		
Equity		
Equity share capital	16,214	16,214
Other equity	(85,739)	(89,180)
Total equity	(69,525)	(72,966)
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	2,630	5,128
Lease Liabilities	61	196
Provisions	4,051	4,245
Other non-current liabilities	77	89
Total non-current liabilities	6,819	9,658
Current liabilities		
Financial liabilities		
Borrowings	1,34,948	1,74,949
Trade payables	29,145	11,649
Lease liabilities	159	126
Other financial liabilities	14,048	12,795
Provisions	920	1,007
Other current liabilities	4,586	2,901
Total current liabilities	1,83,806	2,03,427
Total equity and liabilities	1,21,100	1,40,119

U. S. Arun
Chairman & Managing Director
Madras Fertilizers Limited

SEE OUR REPORT OF EVEN DATE

For ANAND & PONNAPPAN
CHARTERED ACCOUNTANTS
(FRN 000111S)

(R. PONNAPPAN)
MEMB. No: 021605

Madras Fertilizers Limited

Cash Flow Statement for the year ended 31st March 2021

Rupees in Crores

	Particulars	Figures as at the end of Current Reporting Period 31st March,2021	Figures as at the end of Previous Reporting Period 31st March,2020
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before Tax from Continuing Operations	2.87	(123.44)
	Add/(Less) Adjustment for :		
	Depreciation Current Year	31.14	31.58
	Finance Costs excluding Interest on Working Capital	76.74	75.03
	Interest Income	(2.05)	(3.68)
	Dividend Income	(0.40)	(0.24)
	Income from Investment Properties	(0.04)	(1.02)
	(Profit)/Loss on sale of Fixed assets	(0.02)	(0.12)
	Operating Cash Flow before Working Capital Changes	108.24	(21.89)
	Adjustment for :		
	(Increase)/Decrease in Inventories	(7.22)	28.18
	(Increase)/Decrease in Trade Receivables	210.91	222.14
	(Increase)/Decrease in Loans & Advances	(4.09)	(6.15)
	(Increase)/Decrease in Other Assets	(33.14)	24.36
	Increase/(decrease) in Provisions	(11.40)	10.49
	Increase/(decrease) in Trade Payables	174.96	(164.15)
	Increase/(decrease) in Other Liabilities	29.25	5.64
	Cash Generated from Operations	467.51	98.63
	Direct Tax paid (Net of refunds)	0.00	0.00
	Net Cash from Operating Activities	467.51	98.63
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets	(6.34)	(106.65)
	(Increase)/Decrease in Capital Work in Progress	(14.65)	27.46
	Interest Received (Gross)	2.05	3.68
	Income from Investment Properties	0.04	1.02
	Dividend Income	0.40	0.24
	Proceeds from sale of Fixed Assets	3.96	1.67
	Net Cash from Investing Activities	(14.54)	(72.58)
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Net proceeds from Term Borrowings	13.80	0.00
	Net proceeds from Financial Assets	0.00	0.00
	Net proceeds from Working capital and Short-term borrowings	(493.36)	94.60
	Repayment of Lease Liability	(1.33)	(1.03)
	Interest Paid	(22.16)	(20.45)
	Net Cash from Financing Activities	(503.05)	73.12
	ABSTRACT		
	(A) Net Cash from Operating Activities	467.51	98.63
	(B) Net Cash from Investing Activities	(14.54)	(72.58)
	(C) Net Cash used in Financing Activities	(503.05)	73.12
	Net Increase/(Decrease) in Cash and Cash Equivalents	(50.07)	99.17
	Cash and Cash Equivalents at the beginning of the year	100.08	0.91
	Cash and Cash Equivalents at the end of the year	50.00	100.08
	COMPONENTS OF CASH AND CASH EQUIVALENTS		
	Cash on Hand		
	Remittance in Transit		
	Balance with banks:		
	in Current and Cash Credit Accounts	0.00	0.08
	in Term Deposits with less than 12 months maturity	50.00	100.00
	Total Cash and Cash equivalents	50.00	100.08

Notes:

1 Statement of Cash Flows is prepared using Indirect Method as per Indian Accounting Standard-7 Statement of Cash Flows.
2 Figures for previous year have been regrouped wherever necessary for uniformity in presentation.
3 Figures in brackets indicate cash outflows.

VIDE OUR REPORT OF EVEN DATE

For ANAND & PONNAPPAN
CHARTERED ACCOUNTANTS
(FRN 000111S)

(R. PONNAPPAN)
MEMB. No: 021605
PARTNER

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 -- June 2021. The results for the quarter and the year ended 31st March 2021 have audited by the Statutory Auditors. The above financial results are drawn in accordance with the accounting policies consistently followed by the Company.

2 During the year, the Company has restated its financial statements for the year ended 31st March 2020 & 01st April 2019 in order to give effect to significant prior period entries in accordance with Ind AS-8. The following are significant prior period entries which came into light in the current year:

a. In view of the qualification in the Independent Auditors vide their Report dated October 09, 2020, for the year ended March 31, 2020, the practice of the peers in Industry and due to non-availability of observable market inputs, the company has changed the fair valuation technique for the Equity Instruments of Indian Potash Limited from Comparable Company Multiple Method to the Net Book Value method. Being a material error, for which information was available at the time of approval of financial statements for the year ended March 31, 2020, is corrected retrospectively with effect from financial year 2019-20. The company has adopted the Net Book value per share from the latest available audited consolidated financial statements of the Indian Potash Limited as fair value;

b. Reconciliation of Stores Ledger and Financial Ledger;

c. Identification of Capital Spares which are to be treated as PPE in accordance with the Ind AS-16, which are lying in the Stores and the valuation adjustments and depreciation thereon;

d. Adoption of Ind AS-116 – Lease Accounting from April 1, 2019 onwards.

3 The reconciliation of net profit as per restated figures and previously reported results for the quarter and year ended 31st March 2020 is given below:

	(₹in lakhs)	
Particulars	**Quarter ended 31.03.2020**	**Year ended 34.03.2020**
(1) Net profit / (loss) previously reported	**7,650**	**(5,562)**
(2) Impact of depreciation of capital spares & POS machines	(520)	(520)
(3) Impact of rectification of Stores Ledger	1539	1539
(4) Impact of provision of PF shortfall	(83)	(83)
(5) Others	207	207
(6) Net impact of restatement adjustments	**1,143**	**1,143**
(7) Net profit / (loss) before OCI as per restatement (1+6)	**8,793**	**(4,419)**
(8) Impact due to change in fair valuation technique for equity instruments	(10270)	(10,270)
(9) Total Comprehensive Income as per restatement (7+8)	**(1,477)**	**(14,689)**

VIDE OUR REPORT OF EVEN DATE
FOR ANAND & PONNAPPAN
CHARTERED ACCOUNTANTS
(FRN 000111S)
(R. PONNAPPAN)
MEMB. No: 021695
PARTNER

U. SARAVANAN
Chairman & Managing Director

4 The reconciliation of other equity between restated figures with previously reported results are given below:

Particulars	(₹in Crs)	
	31st March 2020	1st April 2019
Total equity (Shareholder's fund) previously reported	**(793.03)**	**(737.41)**
Depreciation of capital spares & POS machines	(15.36)	(10.61)
Rectification of Stores Ledger	19.51	2.12
Capitalisation of POS machine	2.81	2.81
Provision of PF shortfall	(0.83)	
Valuation of adjustment for stores	(2.00)	
Effect due to change in fair valuation technique for equity instruments	(102.70)	
Effect due to adoption of Ind AS-116	(0.19)	
Impact of restatement adjustments	**(98.76)**	**(5.68)**
Restated Total equity	**(891.79)**	**(743.09)**

5 Urea plant were shut down for 1 day during the quarter on account of K111 compressor maintenance job.

6 Complex Fertilizer Plants were not in line for 60 days during the quarter due to raw materials limitation and maintenance jobs during the quarter.

7 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).

8 In view of the carry forward losses and allowances available for set off up to the year ended 31st March 2021, the provision for current tax is not considered necessary.

10 The figures for the previous period have been reclassified / regrouped wherever necessary.

11 As per Regulation 33 (3) E of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 the figures of the quarter ended March 31, 2021 and March 31, 2020 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, 2020 and December 31, 2019 respectively.

By order of Board

U. SARAVANAN
Chairman & Managing Director
Madras Fertilizers Limited

U SARAVANAN
CHAIRMAN & MANAGING DIRECTOR

Date : 23/06/2021
Place : Chennai

VIDE OUR REPORT OF EVEN DATE

For ANAND & PONNAPPAN
CHARTERED ACCOUNTANTS
(FRN 000111S)

(R. PONNAPPAN)
MEMB. No: 021695
PARTNER

ANAND & PONNAPPAN
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To
The Board of Directors of Madras Fertilizers Limited
Report on Audit of the Standalone Financial Results

Qualified Opinion

We have audited the accompanying Standalone financial results of **Madras Fertilizers Limited** (referred to as the "Company") for the year ended 31st March, 2021, (the "Statement") attached herewith, being submitted by the company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015("the Listing Regulations") as amended.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial results:

i. are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and

ii. gives a true and fair view in conformity with the Indian Accounting Standards prescribed under section 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, 2021, the total comprehensive income, and other financial information of the company for the year ended 31st March,2021;

Basis for Qualified Opinion

1. **Goods and Service Tax (GST) Accounting:**
The balance of Input Tax Credit ("ITC") available in the books of accounts is higher by Rs.56.83 crores as compared to the balance reflected in the Electronic Credit Ledger maintained in GST portal as on 31st March,2021. Pending completion of reconciliation process, identification of entries requiring correction and its probable impact on the standalone financials' results could not be ascertained.

2. **Confirmation of Balances:**
The outstanding balances reflected under Trade receivables (excl. Subsidy receivable from Government), Trade payables and Advance from customers as on 31st March,2021 are subject to confirmation from the parties. The probable impact of this qualification on the standalone financials' results could not be ascertained.

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 that we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matters:

1. **Reclassification of Naphtha:**
   The company has reclassified the stock of Naphtha under 'Assets Held for Sale" as not required for the operation of the company due to conversion of feedstock to RLNG during the FY 2019-20. The stock of naphtha held since 2019 got reduced from 4104 MT valued at Rs.17.04 Crores to 3788 MT as confirmed by the Surveyor report and Daily Plant Report (DPR) report, as on 31st March,2021. The corresponding reduction in quantity valued at Rs. 1.26 Crores is charged off to the statement of profit and loss account.

2. **Rectification of Stores & Spares:**
   The Stores and Spares lying in the inventories consists of negative figures amounting to Rs.13.07 Crores due to recognition of issue of items which are not physically available. Further, there is a variation of Rs.7.18 Crores between the balance as per the Stores Ledger and the Financial Ledger as on the 31st March, 2021.The management of the company has rectified the above differences in accordance with Ind AS 8- *"Accounting Policies, Changes in Accounting Estimates and Errors"*.

3. **Refurbishment of NPK A and B Trains:**
   The NPK Train A and B are not in operation since 2005 whose Gross block is Rs.29.19 Cr and carrying value as on 31st March,2021 is Rs.2.22 Cr. During the year the management has derecognised the assets from Property, Plant and Equipment's (PPE) and classified under "Capital Work-in-progress" (CWIP) at its carrying value, as no future economic benefits flow to the company until refurbishment is undertaken as proposed by the management.

4. **Penal Interest on GOI Loans:**
   The company has made a request to Government of India to waive the interest accrued and penal interest on the GOI loans. However, as per the office memorandum, in case of the waiver of penal interest the company is under obligation to pay minimum penal interest @ 0.25% p.a., which will arise in the year of waiver.



5. **Going Concern:**

The Company has accumulated losses amounting to Rs.857.39 Cr (PY.Rs.891.80 Cr) with a negative net worth of Rs.695.25 Cr (PY.Rs.729.66 Cr). The current liabilities exceeds its current assets by Rs.1078.61 Cr (PY.Rs.1056.14 Cr). However, the company has reported a total comprehensive income of Rs. 34.41 Cr as against the loss of Rs.148.71 Cr. The company has submitted proposal for restructuring of the loans received from Government of India. However, considering the strategic importance of the industry in which the company operates and constitution of the equity shareholders and stakeholders, the standalone financial results of the company have been prepared on going concern basis.

6. **Non-Compliance of Composition of Board:**

The company is not having the required number of Independent Directors on its Board due to vacancy arising out of expiry of term from 6th June,2019 onwards. Consequently, the Audit Committee, the Stakeholders Relationship Committee and Nomination and Renumeration Committee do not comprise of adequate number of independent directors as required in the relevant regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Our opinion is not modified in respect of these matters.

Responsibility of Management for the Standalone Financial Results:

These standalone annual financial results have been prepared on the basis of the standalone financial statements.

The Company's Management and the Board of Directors are responsible for the preparation and presentation of these standalone annual financial results that give a true and fair view of the total comprehensive income 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 the 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 is responsible for overseeing the Company's financial reporting process.



Auditor's Responsibility for the Audit of the 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 skepticism throughout the audit. We also:

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 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 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 at Rs.17.50 crores 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 standalone annual financial results include the results for the quarter ended 31st March,2021 being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

2. The comparative quarterly and annual financial results of the company for the period ended 31st March,2020 were audited by the predecessor auditor and have expressed a qualified opinion vide his report dated 19th June,2020 & 28th Aug, 2020.The qualification was on adoption of Comparable Company Market Multiple Method (CMM) for fair valuation of unquoted equity instruments of Indian Potash Limited. In view of the qualification, the management had adopted the Cost approach (ie., Net Book Value Method) with effect from the FY 2019-20, in line with the practices adopted by the peers in the industry. Accordingly, the standalone financial results for the year ended 31st March,2020 has been restated. Consequently, the impact due to change in the said fair valuation technique had resulted in increase of Net Loss (incl. Other Comprehensive Income) and the other equity and reduction in the Non-Current Investments for the year ended 31st March,2020 by Rs. 102.70 Cr.

   Our opinion is not qualified in respect of these matters.

For Anand & Ponnappan
Chartered Accountants
FRN000111S



R.Ponnappan
Partner
MRN 021695

Place: Chennai
Date: 23.06.2021
UDIN: 21021695AAAACZ9287

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, 2021 [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	1540.06	1540.06
2	Total Expenditure	1537.19	1537.19
3	Net Profit / (Loss)	34.41	34.41
4	Earnings Per Share	0.18	0.18
5	Total Assets	1211.00	1211.00
6	Total Liabilities	1211.00	1211.00
7	Net Worth	(695.25)	(695.25)
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:

The balance of Input Tax Credit ("ITC") available in the books of accounts is higher by Rs.56.83 crores as compared to the balance reflected in the Electronic Credit Ledger maintained in GST portal as on 31st March, 2021. Pending completion of reconciliation process, identification of entries requiring correction and its probable impact on the standalone financials' results could not be ascertained.

For ANAND & PONNAPPAN
CHARTERED ACCOUNTANTS
(FRN 000111S)

(R. PONNAPPAN)
MEMB. No: 021605
PARTNER

(ii) Confirmation of Balances:

The outstanding balances reflected under Trade receivables (excl. Subsidy receivable from Government), Trade payables and Advance from customers as on 31st March,2021 are subject to confirmation from the parties. The probable impact of this qualification on the standalone financials' results could not be ascertained.

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 preparation and filing of GST returns, The consultant has not considered the Input Tax Credit (ITC) available in the books of accounts while filing the GST returns. The company is in the process of obtaining the list of suppliers who have not filed the GSTR-I and the consequent, credit to the electronic credit ledger. Once, the suppliers filed/rectified the GSTR returns, the credit will be availed by the company. The company is counseled that the amount could be recovered from the suppliers, in case of they have not filed/rectified, since they will be holding the GST collected from the company. Further, the ITC under the inverted duty structure and other balance ITC can be claimed within a period of two years from the end of the relevant financial year. The company is confident of reconciling the difference and availing the ITC in full.

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

For ANAND & PONNAPPAN
CHARTERED ACCOUNTANTS
(FRN 000111S)

(R. PONNAPPAN)
MEMB. No: 021605
PARTNER

(ii) Confirmation of Balances:

The company is in the process of the obtaining confirmations from suppliers and customers. Since, all the customers and suppliers are currently doing business with the company; the company doesn't foresee any discrepancies in the reconciliation process. The company has also taken the security deposits and retention monies from suppliers and customers in order to protect the credit exposure of the company.

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

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

Our opinion on the standalone financial results are based on the standards on auditing (SAs) 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. As the GST reconciliation involves work of the management expert as per SA-500, and even assuming the amounts will be recovered from suppliers which are contingent upon the credit profile of the suppliers;

ii. The confirmation of balances is part of our audit procedures as per SA-505, we are unable to comment upon the same until sufficient and appropriate audit evidence is being obtained for the outstanding balances for Trade receivables (excl. Subsidy receivable from Government), Trade payables and Advance from customers.

III. Signatories:

Chairman & Managing Director

Audit Committee Chairman

General Manager – F & A (a/c)

For ANAND & PONNAPPAN
CHARTERED ACCOUNTANTS
(FRN 000111S)

Statutory Auditor

(R. PONNAPPAN)
MEMB. No: 021695
PARTNER

Place: Chennai
Date: June 23, 2021