



B. THIAGARAJAN & Co.
CHARTERED ACCOUNTANTS

Limited Review Report

The Board of Directors,
Madras Fertilizers Limited,
Post Bag No. 2, Manali,
Chennai 600 068

1. We have reviewed the accompanying statement of unaudited financial results of M/s. Madras Fertilizers Limited (the Company) for the quarter ended on 30th September 2015 prepared by the company pursuant to clause 41 of the listing agreement with stock exchanges in India, *except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been reviewed by us.* This statement is the responsibility of the Company's Management and has been approved by the Board of Directors/ Committee of Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, " Review of Interim Financial Information performed by the Independent Auditor of the entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement.
3. A review of interim financial statement is limited primarily to inquiries of persons responsible for financial and accounting matters and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted in accordance with the generally accepted accounting standards, the objectives of which is expression of opinion regarding the financial statements taken as a whole. We have not performed an audit and accordingly, we do not express an audit opinion.

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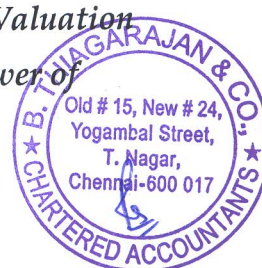
4. Based on our review conducted as above, *subject to the below matters*, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

i) *The company has not complied with Accounting standard on Revenue Recognition (AS-9) and valuation of inventories (AS-2) issued by the Institute of Chartered Accountants of India, the impact of which is detailed in paragraph (a) to (c) as given below:*

a. *sum of Rs 238.84 crores towards de-escalation in input prices which has been considered as payable to Fertilizer Industry Coordination Committee (FICC) for the year ended 30th September 2015 under New Pricing Scheme (NPS) for Urea. Adjustments may arise in future in respect of the above on final payment;*

b. *Other Current Assets includes a sum of Rs 92.00 crores towards additional compensation under Nutrient Based Subsidy (NBS) for producing P&K fertilizers which has been considered as receivable from Department of Fertilizers (DOF). As the proposal to extend the scheme for additional compensation is still under consideration by DOF as at the period end, in our opinion, the above sum of Rs 92.00 crores is not recoverable and has the effect of understatement of accumulated losses for the year ended 30th September 2015 and overstatement of Other Current Assets as at 30th September 2015 to that extent.*

c. *As per the Significant Accounting policies of the Company regarding valuation of Inventories, Ammonia is valued at cost which is not in accordance with Accounting Standard - 2 (Valuation of Inventories) which requires inventory to be valued at lower of cost or Net Realizable value (NRV).*



The effect of Para i (a) and (c) on the accounts is not ascertainable and Para i (b) above has the effect of understatement of accumulated losses for the period ended 30th September 2015 by Rs 92.00 crores, and overstatement of other current Assets to the same extent.

For B.Thiagarajan & Co.,

Chartered Accountants,

F.Reg No: 004371S



Ram Srinivasan

Partner

M.No: 220112

Place - Chennai

Date - 06th November 2015

