



Mangalore Chemicals
& Fertilizers Limited

MCFL/SE/2021

May 15, 2021

The Asst. Vice President,
National Stock Exchange of India
Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E),
MUMBAI - 400 051

Department of Corporate Services -
CRD
BSE Limited,
Floor 25, Phiroze Jeejeebhoy Towers,
Dalal Street
MUMBAI - 400 001

Dear Sir,

Sub: Outcome of the Board Meeting under Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

With reference to the subject mentioned above, we hereby write to inform you that the Board of Directors of the Company in its meeting held today, May 15, 2021, inter alia, has considered and approved the following:

1. Audited financials results of the Company for the quarter and the year ended March 31, 2021 as recommended by the Audit Committee at its meeting held today, May 15, 2021.
2. Recommended a dividend of Rs.1.00 per equity share of Rs. 10 each for the financial year ended March 31, 2021, which is subject to approval of the members at the ensuing Annual General Meeting.

We attach herewith copy of the audited financial results for the quarter and year ended March 31, 2021 along with the Auditor's Report on Quarterly Financial Results and year to date results for the year ended March 31, 2021.

Thanking you,

**Yours faithfully,
for Mangalore Chemicals & Fertilizers Limited**

**Vijayamahantesh V. Khannur
Company Secretary**

Encl: As above



MANGALORE CHEMICALS AND FERTILIZERS LIMITED

Registered Office : Level 11, UB Tower, UB City, 24, Vittal Mallya Road, Bengaluru - 560 001

Phone: 080-45855599, Fax: 080-45855588 CIN: L24123KA1966PLC002036

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STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2021

(Rupees in Lakhs)

Particulars	3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Current year ended	Previous year ended
	31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.03.2020
	Audited*	Unaudited	Audited*	Audited	Audited
1 INCOME					
(a) Revenue from contracts with customers (Refer Note 4, 5 and 6)	59,841.07	32,708.32	56,319.78	2,14,402.82	2,71,084.42
(b) Other income	432.25	695.29	462.37	2,669.96	2,321.72
Total income	60,273.32	33,403.61	56,782.15	2,17,072.78	2,73,406.14
2 EXPENSES					
(a) Cost of materials consumed	29,886.20	19,585.51	32,629.49	1,11,017.28	1,40,030.22
(b) Purchases of stock-in-trade	2,433.57	7,768.15	2,536.18	24,664.27	22,602.71
(c) Change in inventories of finished goods, stock-in-trade and work-in-progress	3,067.23	(5,707.30)	2,375.92	1,311.94	22,056.77
(d) Employee benefits expense	1,488.81	1,806.33	1,621.44	6,797.58	7,086.26
(e) Finance costs	1,108.31	1,749.17	1,735.50	7,682.92	11,147.69
(f) Depreciation and amortisation expense	1,617.49	1,178.58	1,184.87	5,031.22	4,537.36
(g) Other expenses	18,274.90	6,917.38	14,160.92	50,011.51	58,901.31
Total expenses	57,876.51	33,297.82	56,244.32	2,06,516.72	2,66,362.32
3 Profit before tax (1-2)	2,396.81	105.79	537.83	10,556.06	7,043.82
4 Tax expense/(credit)					
(a) Current tax (MAT)	509.00	7.00	278.00	1,955.00	1,483.00
(b) Deferred tax charge/(credit)	415.08	18.84	(2,127.50)	1,891.21	(894.50)
Total tax expense/(credit)	924.08	25.84	(1,849.50)	3,846.21	588.50
5 Profit from the period/year (3-4)	1,472.73	79.95	2,387.33	6,709.85	6,455.32
6 Other comprehensive income					
Items that will not be reclassified to profit or loss in subsequent periods					
Re-measurement gains on defined benefit plan	60.08	9.11	89.79	78.01	23.83
Income tax effect on above	(20.99)	(3.19)	(31.38)	(27.26)	(8.33)
Total other comprehensive income	39.09	5.92	58.41	50.75	15.50
7 Total comprehensive income (5+6)	1,511.82	85.87	2,445.74	6,760.60	6,470.82
8 Paid-up equity share capital (Face value of Rs. 10 per share)	11,854.87	11,854.87	11,854.87	11,854.87	11,854.87
9 Other equity				48,871.41	42,703.38
10 Earnings per equity share					
(of Rs. 10/- each) (not annualised for quarters):					
(a) Basic (in Rs.)	1.24	0.07	2.02	5.66	5.45
(b) Diluted (in Rs.)	1.24	0.07	2.02	5.66	5.45

* Refer Note 11

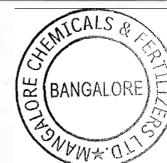
See accompanying notes to the audited financial results



Statement of Assets and Liabilities

(Rupees in Lakhs)

	As at March 31, 2021	As at March 31, 2020
	Audited	Audited
<u>ASSETS</u>		
Non-current assets		
(a) Property, plant and equipment	59,751.46	60,575.47
(b) Capital work-in-progress	7,826.17	4,646.97
(c) Intangible assets	148.95	177.94
(d) Financial assets		
(i) Loans	556.86	905.05
(ii) Others	14.83	20.36
(e) Income tax assets (net)	-	23.04
(f) Other non-current assets	8,204.79	4,733.69
	76,503.06	71,082.52
Current assets		
(a) Inventories	18,138.26	24,611.39
(b) Financial assets		
(i) Investments	0.10	0.10
(ii) Trade receivables	50,858.53	1,44,630.65
(iii) Cash and cash equivalents	35,241.02	21,299.40
(iv) Other bank balances	4,979.80	1,759.71
(v) Others	4,882.76	4,147.16
(c) Other current assets	9,089.76	12,778.64
	1,23,190.23	2,09,227.05
Total assets	1,99,693.29	2,80,309.57
<u>EQUITY AND LIABILITIES</u>		
Equity		
(a) Equity share capital	11,854.87	11,854.87
(b) Other equity	48,871.41	42,703.38
	60,726.28	54,558.25
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	14,816.25	22,367.98
(ii) Others	100.76	275.66
(b) Provisions	1,212.91	1,413.75
(c) Deferred tax liabilities (net)	2,787.70	869.20
	18,917.62	24,926.59
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	65,871.61	1,21,177.78
(ii) Trade payables		
a) total outstanding dues of micro enterprises and small enterprises	925.80	456.29
b) total outstanding dues of creditors other than micro enterprises and small enterprises	31,962.40	57,066.85
(iii) Others	19,063.30	17,364.03
(b) Income tax liabilities (net)	195.28	-
(c) Other current liabilities	1,148.66	3,567.48
(d) Provisions	882.34	1,192.30
	1,20,049.39	2,00,824.73
Total equity and liabilities	1,99,693.29	2,80,309.57



Statement of Cash Flows

(Rupees in Lakhs)

	For the year ended	For the year ended
	March 31, 2021	March 31, 2020
	Audited	Audited
A Cash flow from operating activities		
Profit before tax	10,556.06	7,043.82
<u>Adjustments to reconcile profit before tax to net cash flows:</u>		
Depreciation and amortisation expense	5,031.22	4,537.36
Net loss on disposal of property, plant and equipment	226.08	280.82
Allowance for doubtful advances	-	316.90
Provision for impairment of trade receivables	1,101.96	941.01
Bad debts written off	1,881.10	-
Fair value loss/(gain) on financial instruments at fair value through profit or loss	2,309.66	(4,955.93)
Unrealised foreign exchange differences (net)	(856.63)	4,480.13
Finance costs	7,682.92	11,147.69
Interest income	(2,117.32)	(2,135.01)
Liabilities no longer required written back	(180.17)	-
Operating profits before working capital changes	25,634.88	21,656.79
Movement in working capital:		
Decrease in Inventories	6,473.13	29,261.11
Decrease in Trade receivables	90,789.06	10,876.41
(Increase) in Other financial assets	(956.62)	(620.39)
Decrease/(Increase) in Other assets	3,561.23	(5,346.29)
(Decrease)/increase in Trade payables	(24,667.47)	5,165.59
(Decrease)/increase in Other financial liabilities	(222.82)	1,388.26
(Decrease)/increase in Other current liabilities and provisions	(2,671.44)	1,743.70
Cash generated from operations	97,939.95	64,125.18
Direct taxes paid	(1,736.68)	(1,259.31)
Net cash flow from operating activities (A)	96,203.27	62,865.87
B Cash flow from investing activities		
Purchase of property, plant and equipment including capital work-in-progress and capital advances	(9,877.80)	(6,466.08)
Proceeds from sale of property, plant and equipment	20.85	-
Purchase of investments	-	(0.10)
Investments in bank deposits (having original maturity of more than three months)	(4,721.31)	(1,732.31)
Redemption/maturity of bank deposits (having original maturity of more than three months)	1,449.76	741.21
Interest received	1,068.17	993.76
Net cash (used in) investing activities (B)	(12,060.33)	(6,463.52)
C Cash flow from financing activities		
Proceeds from long-term borrowings	512.34	515.29
Repayment of long-term borrowings	(7,525.35)	(5,265.11)
Proceeds from/(repayment of) short-term borrowings (net)	(54,355.35)	(21,296.70)
Finance cost paid	(8,240.38)	(11,792.39)
Dividend paid to equity shareholders	(592.58)	(1,185.15)
Dividend distribution tax paid	-	(243.61)
Net cash flow (used in) financing activities (C)	(70,201.32)	(39,267.67)
Net increase in cash and cash equivalents (A+B+C)	13,941.62	17,134.68
Cash and cash equivalents at the beginning of the year	21,299.40	4,164.72
Cash and cash equivalents at the end of the year	35,241.02	21,299.40
Components of cash and cash equivalents		
Cash on hand	1.49	2.07
Bank balances on current accounts	2,014.45	1,845.77
Bank balances on deposit accounts with original maturity of three months or less	33,225.08	19,451.56
Total cash and cash equivalents	35,241.02	21,299.40



Notes:

1. The audited financial results for the quarter ended and year ended March 31, 2021 of Mangalore Chemicals and Fertilizers Limited ("the Company") have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on May 15, 2021.
2. The audited financial results have been prepared in accordance with the applicable Standards prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
3. The Company is engaged in the manufacture, sale and trading of fertilisers which constitutes a single operating segment as per Ind AS 108 and hence separate segment disclosures have not been furnished.
4. The urea concession income for the year has been recognized based on management's estimate, pending finalization by the Government of India ('GOI'). Revenue for the quarter and year ended March 31, 2021 and March 31, 2020 include additional urea concession income of Rs. 1,856.06 Lakhs and Rs.1,053.65 Lakhs respectively, relating to immediately preceding financial year recognized on finalization of escalation/de-escalation claims.
5. The Company has during the current year recognised urea subsidy income of Rs.2,914 Lakhs without benchmarking its cost of production using naphtha with that of gas-based urea manufacturing units recently converted to natural gas, as notified by the Department of Fertilizers for subsidy income computation. The Company has filed writ petition against the Department of Fertilizers [DoF] before the Hon'ble High Court of Delhi [DHC] against this matter. The management based on legal opinion and considering the fact that the energy cost is always a pass through in subsidy computation, believes that artificial benchmarking is arbitrary and discriminatory and is confident of realisation of the aforesaid subsidy income.
6. The energy norms applicable for Naphtha based manufacturing units announced by the Department of Fertilizers [DoF] for the period commencing April 1, 2020 were lower than those effective till March 31, 2020. The Company, considering the fact that urea subsidy income based on previous year's higher energy norms was extended to gas based urea manufacturing units till September 30, 2020 and not to the Naphtha based manufacturing units and based on legal advice, had taken a view that a similar extension should also be granted to it as it is discriminatory. The Company filed a writ petition before the Hon'ble High Court of Delhi [DHC] for this matter. Based on the above, management estimated the subsidy income and based on legal advice obtained, the Company recognised urea subsidy income of Rs.2,686 Lakhs (including Rs.2,624 Lakhs till September 30, 2020) which was included in revenue from operations in the nine month period ended December 31, 2020, based on the higher energy norms effective till March 31, 2020. During the quarter ended December 31, 2020, the DoF evaluated the matter pursuant to the directions of the DHC and passed an order dated November 17, 2020 rejecting the request of the Company, for which the Company on November 19, 2020 sought time to submit its amended petition to bring on record the order of the DoF.

During the quarter ended March 31, 2021, the Company filed an interim application for amending the earlier writ so as to include the DoF order of November 17, 2020 and rebuttals thereof. A fresh writ was also filed to comprehensively include all issues including the DoF order. The DHC has taken note of the same and has ordered dismissal of the earlier writ filed by the Company and to pursue with the fresh writ. The DoF was directed to file counter affidavit and the Company to file a rejoinder thereafter and the matter would be taken up on July 28, 2021 for hearing. The Company continues to litigate this matter considering that it's discriminatory to the Company.

Basis the above, and the uncertainty over eventual realisation of the subsidy income arising due to the DoF order, management reassessed the recognition of subsidy income and derecognised the subsidy income of Rs.2,686 Lakhs recognised in the nine months ended December 31, 2020, from the revenue from operations of the quarter ended March 31, 2021.



7. The figures for the quarter ended December 31, 2020 are not comparable to the current quarter figures as during the last quarter, ammonia and urea plants were shutdown on October 05, 2020 for preparations required for natural gas operation besides replacement of compatible ammonia plant catalyst. The Company had commenced operation of Ammonia and Urea Plants with natural gas post testing and commissioning activities and Urea production commenced on December 12, 2020.
8. The Board of Directors of the Company has proposed dividend of Re.1 per equity share of Rs. 10 each amounting to Rs. 1,185.15 Lakhs for the year ended March 31, 2021. The proposed dividend on equity shares is subject to approval at the ensuing annual general meeting and accordingly have not been recognized as a liability.
9. The Code on Social Security, 2020 ('Code') relating to employee benefits received Presidential assent in September 2020. However, effective date and the final rules/ interpretation have not yet been notified / issued. The Company is in the process of assessing the impact of the Code and will recognize the impact, if any, based on its effective date.
10. The Company has assessed the impact of COVID – 19 and concluded that there is no material impact on the operations of the Company and no material adjustment is required at this stage in the financial results of the Company for the year/quarter ended March 31, 2021. However, the Company will continue to monitor the impact which is a continuing process, given the uncertainties with its nature and duration of COVID - 19 and the impact may be different from the estimates considered while preparing these results.
11. The figures of the last quarter ended March 31, 2021 / 2020 are the balancing figures between audited figures in respect of the full financial year up to March 31, 2021 / 2020 and the unaudited published year-to-date figures up to December 2020 / 2019 being the date of the end of the third quarter of the financial year which were subjected to limited review.

For and on behalf of the Board of Directors



K. Prabhakar Rao
Director - Works



Date: May 15, 2021

Independent Auditor's Report on the Quarterly and Year to Date Audited Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors of
Mangalore Chemicals and Fertilizers Limited

Report on the audit of the Financial Results

Opinion

We have audited the accompanying statement of quarterly and year to date financial results of Mangalore Chemicals and Fertilizers Limited (the "Company") for the quarter ended March 31, 2021 and for the year ended March 31, 2021 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 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 Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information of the Company for the quarter ended March 31, 2021 and for the year ended March 31, 2021.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). 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 statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

- 1) We draw attention to Note 5, which states that the Company has recognized urea subsidy income of INR 2,914 lakhs considering that benchmarking of its cost of production of urea using Naptha with that of gas based urea manufacturing units is arbitrary and for which the Company has filed a writ petition against the Department of Fertilizers before the Hon'ble High court of Delhi. Based on legal opinion obtained, the management believes that the criteria for recognition of subsidy revenue is met. Our opinion is not qualified in respect of this matter.



Management's Responsibilities for the Financial Results

The Statement has been prepared on the basis of the annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive income of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, 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 are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Results

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

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

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to



S.R. BATLIBOI & Co. LLP

Chartered Accountants

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 results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

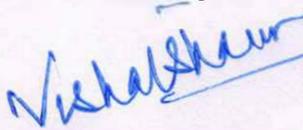
Other Matter

The Statement includes the results for the quarter ended March 31, 2021 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2021 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For S.R. BATLIBOI & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005




per Vishal Sharma

Partner

Membership No.: 096766

UDIN: 21096766AAAKQ5504

Place of Signature: Faridabad

Date: May 15, 2021