



Mangalore Chemicals  
& Fertilizers Limited

MCFL/SE/2022

May 17, 2022

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/Madam,

Company's Scrip Code in BSE : 530011 MANGCHEM  
Company's Symbol in NSE : MANGCHEFER  
ISIN : INE558B01017

**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 17, 2022, inter alia, has considered and approved the following:

1. Audited financial results of the Company for the quarter and the year ended March 31, 2022 as recommended by the Audit Committee at its meeting held today, May 17, 2022.
2. Recommended a dividend of Re.1.20 per equity share of Rs. 10 each for the financial year ended March 31, 2022, 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, 2022 along with the Auditor's Report on Quarterly financial results and year to date results for the year ended March 31, 2022 as Annexure 1.

Thanking you,

**Yours faithfully,  
For Mangalore Chemicals and Fertilizers Limited**

**Vijayamahantesh 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

Email: shares.mcf@adventz.com Website: www.mangalorechemicals.com

**STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2022**

(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
	31.03.2022	31.12.2021	31.03.2021	31.03.2022	31.03.2021
	Audited*	Unaudited	Audited*	Audited	Audited
<b>1 INCOME</b>					
(a) Revenue from contracts with customers (Refer Note 4, 5 and 6)	71,887.58	76,169.63	59,841.07	289,558.30	214,402.82
(b) Other income	772.96	467.75	432.25	2,427.06	2,669.96
<b>Total income</b>	<b>72,660.54</b>	<b>76,637.38</b>	<b>60,273.32</b>	<b>291,985.36</b>	<b>217,072.78</b>
<b>2 EXPENSES</b>					
(a) Cost of materials consumed	60,765.49	42,878.26	29,886.20	186,934.66	111,017.28
(b) Purchases of traded goods	117.14	42.59	2,433.57	6,416.91	24,664.27
(c) Change in inventories of finished goods, traded goods and work-in-progress	(16,876.63)	3,895.41	3,067.23	(13,122.69)	1,311.94
(d) Employee benefits expense	1,662.25	1,697.07	1,488.81	6,962.64	6,797.58
(e) Finance costs	1,550.90	1,051.42	1,108.31	4,940.42	7,682.92
(f) Depreciation and amortisation expense	1,229.22	1,292.47	1,617.49	5,055.75	5,031.22
(g) Other expenses	23,796.05	21,059.16	18,274.90	81,331.66	50,011.51
<b>Total expenses</b>	<b>72,244.42</b>	<b>71,916.38</b>	<b>57,876.51</b>	<b>278,519.35</b>	<b>206,516.72</b>
<b>3 Profit before tax (1-2)</b>	<b>416.12</b>	<b>4,721.00</b>	<b>2,396.81</b>	<b>13,466.01</b>	<b>10,556.06</b>
<b>4 Tax expense</b>					
(a) Current tax (Minimum Alternate Tax)	43.00	817.00	509.00	2,350.00	1,955.00
(b) Deferred tax charge	24.48	796.90	415.08	2,329.88	1,891.21
<b>Total tax expense</b>	<b>67.48</b>	<b>1,613.90</b>	<b>924.08</b>	<b>4,679.88</b>	<b>3,846.21</b>
<b>5 Profit from the quarter/year (3-4)</b>	<b>348.64</b>	<b>3,107.10</b>	<b>1,472.73</b>	<b>8,786.13</b>	<b>6,709.85</b>
<b>6 Other comprehensive income/(loss)</b>					
Items that will not be reclassified to profit or loss					
Re-measurement gains/( losses) on defined benefit plan	33.99	(2.09)	60.08	(31.15)	78.01
Income tax effect on above	(11.88)	0.73	(20.99)	10.88	(27.26)
<b>Total other comprehensive income/(loss)</b>	<b>22.11</b>	<b>(1.36)</b>	<b>39.09</b>	<b>(20.27)</b>	<b>50.75</b>
<b>7 Total comprehensive income (5+6)</b>	<b>370.75</b>	<b>3,105.74</b>	<b>1,511.82</b>	<b>8,765.86</b>	<b>6,760.60</b>
<b>8 Paid-up equity share capital (Face value of INR 10 per share)</b>	<b>11,854.87</b>	<b>11,854.87</b>	<b>11,854.87</b>	<b>11,854.87</b>	<b>11,854.87</b>
<b>9 Other equity</b>				<b>56,452.12</b>	<b>48,871.41</b>
<b>10 Earnings per equity share (of INR 10/- each) (not annualised for quarters):</b>					
(a) Basic (in INR)	0.29	2.62	1.24	7.41	5.66
(b) Diluted (in INR)	0.29	2.62	1.24	7.41	5.66

\*Refer Note 9

See accompanying notes to the audited financial results



Statement of Assets and Liabilities

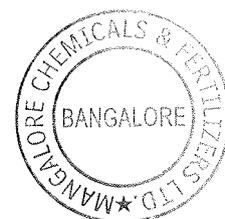
(Rupees in Lakhs)

	As at March 31, 2022	As at March 31, 2021
	Audited	Audited
<b>ASSETS</b>		
<b>Non-current assets</b>		
(a) Property, plant and equipment	55,294.34	57,779.90
(b) Capital work-in-progress	31,738.51	7,826.17
(c) Right-of-use assets	1,859.41	1,971.56
(d) Intangible assets	107.91	148.95
(e) Financial assets		
(i) Others	616.86	571.69
(f) Other non-current assets	1,286.27	8,204.79
	<b>90,903.30</b>	<b>76,503.06</b>
<b>Current assets</b>		
(a) Inventories	42,977.47	18,138.26
(b) Financial assets		
(i) Investments	0.10	0.10
(ii) Trade receivables	66,502.77	50,858.53
(iii) Cash and cash equivalents	48,207.20	35,241.02
(iv) Other bank balances	7,514.35	4,979.80
(v) Others	5,491.58	4,882.76
(c) Other current assets	10,293.67	9,089.76
	<b>180,987.14</b>	<b>123,190.23</b>
<b>Total assets</b>	<b>271,890.44</b>	<b>199,693.29</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity share capital	11,854.87	11,854.87
(b) Other equity	56,452.12	48,871.41
	<b>68,306.99</b>	<b>60,726.28</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	21,815.13	12,716.01
(i) Lease liabilities	2,068.09	2,100.24
(ii) Others	15.14	100.76
(b) Provisions	1,134.73	1,212.91
(c) Deferred tax liabilities (net)	5,106.70	2,787.70
	<b>30,139.79</b>	<b>18,917.62</b>
<b>Current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	112,346.47	73,514.36
(i) Lease liabilities	45.66	33.88
(ii) Trade payables		
a) total outstanding dues of micro enterprises and small enterprises	1,057.85	925.80
b) total outstanding dues of creditors other than micro enterprises and small enterprises	39,419.36	31,962.40
(iii) Others	17,072.72	11,386.67
(b) Liabilities for current tax (net)	730.91	195.28
(c) Other current liabilities	1,742.73	1,148.66
(d) Provisions	1,027.96	882.34
	<b>173,443.66</b>	<b>120,049.39</b>
<b>Total equity and liabilities</b>	<b>271,890.44</b>	<b>199,693.29</b>



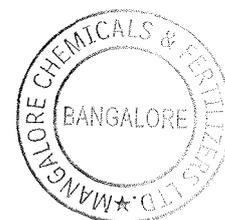
**Statement of Cash Flows**
*(Rupees in Lakhs)*

	For the year ended	For the year ended
	March 31, 2022	March 31, 2021
	Audited	Audited
<b>A Operating activities</b>		
Profit before tax	13,466.01	10,556.06
<u>Adjustments to reconcile profit before tax to net cash flows:</u>		
Depreciation and amortisation expense	5,055.75	5,031.22
Net loss on disposal of property, plant and equipment	548.79	226.08
Provision for impairment of trade receivables	-	1,101.96
Bad debts written off	-	1,881.10
Fair value loss/(gain) on financial instruments at fair value through profit or loss	(663.65)	2,309.66
Unrealised foreign exchange differences (net)	812.83	(856.63)
Finance costs	4,940.42	7,682.92
Interest income	(1,928.40)	(2,117.32)
Liabilities no longer required written back	(345.76)	(180.17)
<b>Operating profits before working capital changes</b>	21,885.99	25,634.88
<b>Working capital changes:</b>		
(Increase)/decrease in Inventories	(24,839.21)	6,473.13
(Increase)/decrease in Trade receivables	(15,644.24)	90,789.06
Decrease/(increase) in Other financial assets	455.76	(956.62)
(Increase)/decrease in Other assets	(1,095.95)	3,561.23
Increase/(decrease) in Trade payables	7,641.02	(24,667.47)
Increase/(decrease) in Other financial liabilities	3,713.43	(222.82)
Increase/(decrease) in Other current liabilities and provisions	976.12	(2,671.44)
	(28,793.07)	72,305.07
<b>Cash (used in) / generated from operations</b>	(6,907.08)	97,939.95
Income tax paid	(1,814.37)	(1,736.68)
<b>Net cash flow (used in) / from operating activities (A)</b>	(8,721.45)	96,203.27
<b>B Investing activities</b>		
Purchase of property, plant and equipment including capital work-in-progress and capital advances	(16,966.35)	(9,875.91)
Proceeds from sale of property, plant and equipment	12.41	16.65
Investments in bank deposits (having original maturity of more than three months)	(20,755.35)	(4,721.31)
Redemption/maturity of bank deposits (having original maturity of more than three months)	18,195.81	1,449.76
Interest received	822.29	1,068.17
<b>Net cash flow (used in) investing activities (B)</b>	(18,691.19)	(12,062.64)
<b>C Financing activities</b>		
Proceeds from long-term borrowings	15,920.20	512.34
Repayment of long-term borrowings	(7,665.01)	(7,492.28)
Payment of principal portion of lease liabilities	(36.26)	(30.76)
Proceeds from/(repayment of) short-term borrowings (net)	38,811.17	(54,355.36)
Finance cost paid	(5,466.13)	(8,240.38)
Dividend paid to equity shareholders	(1,185.15)	(592.57)
<b>Net cash flow from / (used in) financing activities (C)</b>	40,378.82	(70,199.01)
<b>Net increase in cash and cash equivalents (A+B+C)</b>	12,966.18	13,941.62
Cash and cash equivalents at the beginning of the year	35,241.02	21,299.40
<b>Cash and cash equivalents at the end of the year</b>	48,207.20	35,241.02
<b>Components of cash and cash equivalents</b>		
Cash on hand	2.80	1.49
Balances with banks on current accounts	8,254.40	2,014.45
Balances with banks on deposit accounts with original maturity of three months or less	39,950.00	33,225.08
<b>Total cash and cash equivalents</b>	48,207.20	35,241.02



Notes:

1. The audited financial results for the quarter ended and year ended March 31, 2022 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 17, 2022.
2. The audited financial results have been prepared in accordance with the Indian Accounting Standards ("Ind AS") 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 quarter / year has been recognized based on management's estimate, pending finalization by the Government of India ('GOI').
5. The Company had during the year ended March 31, 2021 recognised urea subsidy income of INR 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 [DoF] for subsidy income computation, against which the Company had filed a writ petition against the DoF before the Hon'ble High Court of Delhi [DHC]. Pending finalization of writ petition before the DHC, 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. Consequent to reassessment of uncertainty over eventual realization arising due to the order of DoF against the Company (challenged by a writ petition which is pending before DHC), during the year ended March 31, 2021, the Company derecognized subsidy income of INR 2,686 Lakhs relating to higher energy norms which was recognized till December 31, 2020 of fiscal year ended 31 March 2021.
7. The Board of Directors of the Company has proposed dividend of INR 1.20 per equity share of INR 10 each amounting to INR 1,422.18 Lakhs for the year ended March 31, 2022. 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.
8. 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.
9. The figures of the quarter ended March 31, 2022 / 2021 are the balancing figures between the audited figures in respect of the financial year up to March 31, 2022 / 2021 and the unaudited published year-to-date figures up to December 31, 2021 / 2020 being the date of the end of third quarter of the financial year which were subjected to limited review.



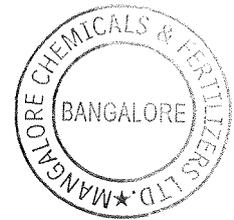
10. Previous period/year figures have been regrouped/ re-classified wherever necessary, to conform to current period's classification in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013 effective April 01, 2021.

For and on behalf of the Board of Directors



Shubhabrata Saha  
Managing Director

Date: May 17, 2022



**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, 2022 and for the year ended March 31, 2022 ("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, 2022 and for the year ended March 31, 2022.

**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 had recognized urea subsidy income of INR 2.914 lakhs in previous year considering that benchmarking of its cost of production of urea using Naphtha with that of gas-based urea manufacturing units is arbitrary and for which the Company had already 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 modified 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 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.

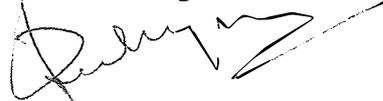
#### **Other Matter**

The Statement includes the results for the quarter ended March 31, 2022 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2022 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 **Pravin Tulsyan**

Partner

Membership No.: 108044



UDIN: 22108044AJDGYO5806

Place of Signature: Gurugram

Date: May 17, 2022