



MANGALORE CHEMICALS AND FERTILIZERS LIMITED

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STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2021

(Rupees in Lakhs)

Particulars	3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Year to date figures for current period ended	Year to date figures for previous period ended	Previous year ended
	30.09.2021	30.06.2021	30.09.2020	30.09.2021	30.09.2020	31.03.2021
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 INCOME						
(a) Revenue from contracts with customers (Refer Note 4, 5 and 6)	72,781.98	68,719.11	68,873.96	1,41,501.09	1,21,853.43	2,14,402.82
(b) Other income	592.91	593.44	794.80	1,186.35	1,542.42	2,669.96
Total income	73,374.89	69,312.55	69,668.76	1,42,687.44	1,23,395.85	2,17,072.78
2 EXPENSES						
(a) Cost of materials consumed	46,483.60	36,807.31	32,789.28	83,290.91	61,545.57	1,11,017.28
(b) Purchases of traded goods	190.21	6,066.97	10,509.30	6,257.18	14,462.55	24,664.27
(c) Change in inventories of finished goods, traded goods and work-in-progress	(1,127.12)	985.65	1,265.68	(141.47)	3,952.01	1,311.94
(d) Employee benefits expense	1,852.03	1,751.29	1,786.87	3,603.32	3,502.44	6,797.58
(e) Finance costs	1,278.25	1,059.85	2,178.98	2,338.10	4,825.44	7,682.92
(f) Depreciation and amortisation expense	1,260.24	1,273.82	1,090.38	2,534.06	2,235.15	5,031.22
(g) Other expenses	18,883.69	17,592.76	13,760.67	36,476.45	24,819.23	50,011.51
Total expenses	68,820.90	65,537.65	63,381.16	1,34,358.55	1,15,342.39	2,06,516.72
3 Profit before tax (1-2)	4,553.99	3,774.90	6,287.60	8,328.89	8,053.46	10,556.06
4 Tax expense						
(a) Current tax (Minimum Alternate Tax)	812.00	678.00	1,125.00	1,490.00	1,439.00	1,955.00
(b) Deferred tax charge	844.34	664.16	1,106.43	1,508.50	1,457.29	1,891.21
Total tax expense	1,656.34	1,342.16	2,231.43	2,998.50	2,896.29	3,846.21
5 Profit from the period/year (3-4)	2,897.65	2,432.74	4,056.17	5,330.39	5,157.17	6,709.85
6 Other comprehensive income/(loss)						
Items that will not be reclassified to profit or loss						
Re-measurement gains/(losses) on defined benefit plan	(56.71)	(6.34)	19.74	(63.05)	8.82	78.01
Income tax effect on above	19.81	2.22	(6.89)	22.03	(3.08)	(27.26)
Total other comprehensive (loss)/ income	(36.90)	(4.12)	12.85	(41.02)	5.74	50.75
7 Total comprehensive income (5+6)	2,860.75	2,428.62	4,069.02	5,289.37	5,162.91	6,760.60
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	11,854.87
9 Other equity						48,871.41
10 Earnings per equity share						
(of Rs. 10/- each) (not annualised for quarters/period):						
(a) Basic (in Rs.)	2.45	2.05	3.42	4.50	4.35	5.66
(b) Diluted (in Rs.)	2.45	2.05	3.42	4.50	4.35	5.66

See accompanying notes to the unaudited financial results

Statement of Assets and Liabilities

(Rupees in Lakhs)

	As at September 30, 2021	As at March 31, 2021
	Unaudited	Audited
<u>ASSETS</u>		
Non-current assets		
(a) Property, plant and equipment	55,816.71	57,779.90
(b) Right-of-use assets	1,907.24	1,971.56
(c) Capital work-in-progress	10,806.49	7,826.17
(d) Intangible assets	122.18	148.95
(e) Intangible assets under development	2.95	-
(f) Financial assets		
(i) Others	568.57	571.69
(g) Other non-current assets	10,421.32	8,204.79
	79,645.46	76,503.06
Current assets		
(a) Inventories	21,918.27	18,138.26
(b) Financial assets		
(i) Investments	0.10	0.10
(ii) Trade receivables	69,890.35	50,858.53
(iii) Cash and cash equivalents	11,281.80	35,241.02
(iv) Other bank balances	17,580.72	4,979.80
(v) Others	4,413.21	4,882.76
(c) Other current assets	10,572.10	9,089.76
	1,35,656.55	1,23,190.23
Total assets	2,15,302.01	1,99,693.29
<u>EQUITY AND LIABILITIES</u>		
Equity		
(a) Equity share capital	11,854.87	11,854.87
(b) Other equity	54,160.78	48,871.41
	66,015.65	60,726.28
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	13,286.74	12,716.01
(ia) Lease liabilities	1,987.83	2,100.24
(ii) Others	44.78	100.76
(b) Provisions	1,188.33	1,212.91
(c) Deferred tax liabilities (net)	4,274.17	2,787.70
	20,781.85	18,917.62
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	74,522.85	73,514.36
(ia) Lease liabilities	37.29	33.88
(ii) Trade payables		
a) total outstanding dues of micro enterprises and small enterprises	1,024.18	925.80
b) total outstanding dues of creditors other than micro enterprises and small enterprises	39,346.87	31,962.40
(iii) Others	10,138.80	11,386.67
(b) Liabilities for current tax (net)	526.18	195.28
(c) Other current liabilities	1,824.09	1,148.66
(d) Provisions	1,084.25	882.34
	1,28,504.51	1,20,049.39
Total equity and liabilities	2,15,302.01	1,99,693.29

Statement of Cash Flows
(Rupees in Lakhs)

	For the period ended September 30, 2021	For the period ended September 30, 2020
	Unaudited	Unaudited
A Cash flow from operating activities		
Profit before tax	8,328.89	8,053.46
<u>Adjustments to reconcile profit before tax to net cash flows:</u>		
Depreciation and amortisation expense	2,534.06	2,235.15
Net loss on disposal of property, plant and equipment	147.66	75.41
Provision for impairment of trade receivables	131.21	-
Fair value loss/(gain) on financial instruments at fair value through profit or loss	(512.83)	2,712.27
Unrealised foreign exchange differences (net)	492.29	(1,426.57)
Finance costs	2,338.10	4,825.44
Interest income	(1,075.61)	(928.47)
Liabilities no longer required written back	(38.06)	-
Operating profits before working capital changes	12,345.71	15,546.69
Movement in working capital:		
(Increase)/decrease in Inventories	(3,780.01)	7,069.67
(Increase)/decrease in Trade receivables	(19,163.03)	36,366.08
Decrease in Other financial assets	1,170.46	72.66
(Increase) in Other assets	(1,456.40)	(427.31)
Increase/(decrease) in Trade payables	7,414.57	(5,948.70)
Increase/(decrease) in Other financial liabilities	457.28	(84.87)
Increase/(decrease) in Other current liabilities and provisions	827.77	(2,264.17)
	(14,529.36)	34,783.36
Cash (used in) / generated from operations	(2,183.65)	50,330.05
Direct taxes paid	(1,159.10)	(290.43)
Net cash flow (used in) / from operating activities (A)	(3,342.75)	50,039.62
B Cash flow from investing activities		
Purchase of property, plant and equipment including capital work-in-progress and capital advances	(6,765.40)	(3,021.39)
Proceeds from sale of property, plant and equipment	2.55	8.77
Investments in bank deposits (having original maturity of more than three months)	(14,816.88)	(711.26)
Redemption/maturity of bank deposits (having original maturity of more than three months)	3,401.00	31.51
Interest received	433.24	195.43
Net cash flow (used in) investing activities (B)	(17,745.49)	(3,496.94)
C Cash flow from financing activities		
Proceeds from long-term borrowings	3,849.21	1,052.82
Repayment of long-term borrowings	(3,947.76)	(3,356.69)
Proceeds from/(repayment of) short-term borrowings (net)	1,144.73	(32,495.75)
Finance cost paid	(2,732.03)	(5,254.11)
Dividend paid to equity shareholders	(1,185.13)	(592.61)
Net cash flow (used in) financing activities (C)	(2,870.98)	(40,646.34)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(23,959.22)	5,896.34
Cash and cash equivalents at the beginning of the year	35,241.02	21,299.40
Cash and cash equivalents at the end of the year	11,281.80	27,195.74
Components of cash and cash equivalents		
Cash on hand	1.95	2.98
Cheques, drafts in hand	-	2.04
Balances with banks on current accounts	1,854.85	804.60
Balances with banks on deposit accounts with original maturity of three months or less	9,425.00	26,386.12
Total cash and cash equivalents	11,281.80	27,195.74

Notes:

1. The unaudited financial results for the quarter ended September 30, 2021 and year to date from April 1, 2021 to September 30, 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 November 09, 2021.
2. The unaudited 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 period / year has been recognized based on management’s estimate, pending finalization by the Government of India (‘GOI’). Revenue for the year ended March 31, 2021 include additional urea concession income of Rs.1,856.06 Lakhs, relating to immediately preceding financial year recognized on finalization of escalation/de-escalation claims.
5. The Company had during the year ended March 31, 2021 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 [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 Rs.2,686 Lakhs relating to higher energy norms which was recognized till December 31, 2020 of fiscal year ended 31 March 2021.
7. 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.
8. 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 period/quarter ended September 30, 2021. However, the Company will continue to monitor the impact which is a continuing process, given the uncertainties with its nature and duration and the impact may be different from the estimates considered while preparing these results.
9. The figures of corresponding previous period/ year have been regrouped/ reclassified, wherever necessary including requirements of the amended Schedule III of the Companies Act 2013.
10. The Board of Directors of the Company at its meeting held on May 15, 2021 had recommended dividend of Re.1.00 per equity share of Rs.10 each amounting to Rs.1,185 Lakhs for the year ended March 31, 2021, which was approved at the annual general meeting held on September 16, 2021.

For and on behalf of the Board of Directors

Shubhabrata Saha
Managing Director

Date: November 09, 2021