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ANNUAL REPORT

2019-20

MCF

Mangalore Chemicals
& Fertilizers Limited

Directors	:	Arun Duggal, Independent Director and Chairman N. Suresh Krishnan, Managing Director Akshay Poddar, Director D. A. Prasanna, Independent Director Rita Menon, Independent Director Dipankar Chatterji, Independent Director Shashi Kant Sharma, Independent Director K. Prabhakar Rao, Director-Works
Company Secretary	:	Vijayamahantesh Khannur
Chief Financial Officer	:	T. M. Muralidharan
Bankers	:	Axis Bank Limited State Bank of India Corporation Bank Kotak Mahindra Bank Limited RBL Bank Limited IndusInd Bank Limited IDFC First Bank Limited ICICI Bank Limited Cooperatieve Rabobank UA
Statutory Auditors	:	S.R. Batliboi & Co. LLP.
Cost Auditor	:	P. R. Tantri, Bengaluru (for the financial year 2019-20) Y. K. Venkatesh, Bengaluru (for the financial year 2020-21)
Secretarial Auditor	:	S. Kedarnath, Bengaluru
Registered Office	:	Level 11, UB Tower, UB City No. 24, Vittal Mallya Road Bengaluru – 560 001 Tel. No. 080-4585 5599 Fax No. 080-4585 5588 email : shares.mcfl@adventz.com Website : www.mangalorechemicals.com CIN : L24123KA1966PLC002036
Works	:	Panambur, Mangaluru – 575 010 Tel. No. 0824-2220 600 Fax No. 0824-2407 938
Share Transfer Agent	:	Cameo Corporate Services Limited Subramanian Building No.1, Club House Road, Chennai – 600 002 Tel. No. 044-2846 0395, Fax No.044-2846 0129 e-mail: investor@cameoindia.com

Contents	**Page No.**
Notice	3
Directors' Report	14
Report on Corporate Governance	26
Management Discussion & Analysis Report	36
Independent Auditors' Report	45
Balance Sheet	53
Statement of Profit & Loss	54
Statement of Cash Flows	55
Statement of Changes in Equity	57
Notes to the Financial Statements	58

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NOTICE

To
The Members,

Notice is hereby given that the Fifty Third (53rd) Annual General Meeting of the Members of the Company will be held on **September 15, 2020 at 11.00 A.M.** through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2020, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Statutory Auditors.
2. To declare dividend on the equity shares for the financial year 2019-20.
3. To re-appoint Mr. Akshay Poddar (DIN: 00008686), who retires by rotation, and being eligible, offers himself for the re-appointment.

SPECIAL BUSINESS

4. Re-appointment of Mrs. Rita Menon (DIN: 00064714) as an Independent Director

   To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

   RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013("the Act") read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, **Mrs. Rita Menon (DIN: 00064714)**, who was appointed as an Independent Director for a term of three (3) consecutive years up to July 28, 2020 by the Shareholders, being eligible, having consented and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act, proposing her candidature for appointment as Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for second term of 3 (three) years i.e. from July 29, 2020 to July 28, 2023.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts, deeds, things and matters and to take all such steps as may be necessary, proper or expedient to give effect to this resolution.

5. Re-appointment of Mr. K Prabhakar Rao (DIN: 00898513) as Director – Works

   To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

   RESOLVED THAT pursuant to the provisions of Section 2(78), 196, 197, 198, 199, 200, 202, and all other applicable provisions of the Companies Act, 2013 ("the Act"), read with Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification or re-enactment thereof for the time being in force and subject to such approvals, permissions and sanctions as may be required, and subject to the approval of the shareholders at the ensuing Annual General Meeting and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities including the Central Government in granting such approvals, permissions, sanctions, the unanimous approval of the Board be and is hereby accorded for reappointment of Mr. K. Prabhakar Rao as Director – Works to be designated as Key Managerial personnel, for a further period of 2 (two) years from August 01, 2020 to July 31, 2022.

   RESOLVED FURTHER THAT the remuneration payable to Mr. K. Prabhakar Rao during his tenure as Director – Works and his other terms of appointment shall be as follows:

   a. Basic Salary: The Basis Salary shall be in the range of ₹ 2,15,000 per month to ₹ 4,00,000 per month. The annual increments will be decided by the Board of Directors or the Nomination and Remuneration Committee and will be based on merit after taking into account other relevant factors.

   b. Flexi Pay and Variable Pay: The Flexi Pay and Variable Pay shall be according to the applicable policies / schemes of the Company from time to time during his tenure, as may be decided by the Board of Directors or the Nomination and Remuneration Committee.

   c. Retirement Benefits & Other Perquisites: As per the Company's policies as applicable to Senior Executives, subject to the relevant provisions of the Companies Act, 2013.

   d. Termination: By giving the other party, six months' notice

   RESOLVED FURTHER THAT notwithstanding anything contained herein, where in any financial year, during the tenure of Mr. K. Prabhakar Rao as Director – Works, the Company has no profits or profits are inadequate, the Company may subject to receipt of the requisite approvals including the approval of the Central Government, if any, pay Mr. K. Prabhakar Rao, Director - Works, the above remuneration as the minimum remuneration by way of salary, perquisites, allowances, performance bonus and other benefits as specified above and that the perquisites pertaining to contribution to provident fund, superannuation fund, national pension scheme or gratuity and leave encashment shall not be included in the computation of the ceiling on remuneration specified in Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors of the Company and / or the Nomination and Remuneration Committee, may vary, increase, enhance or widen from time to time the terms and conditions of reappointment and remuneration of Mr. K. Prabhakar Rao, Director – Works during the period from August 01, 2020 up to July 31, 2022 within the scale of Basic Salary of ₹ 2,15,000 per month to ₹ 4,00,000 per month and consequential variation in other allowances, benefits and perquisites within the overall limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

6. Approval of remuneration to Mr. N. Suresh Krishnan, Managing Director for the period April 01, 2020 to December 31, 2020

   To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

   RESOLVED THAT pursuant to the provisions of Section 197, 198, 199, 200 and 202 and all other applicable provisions of the Companies Act, 2013 ("the Act"), read with Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force and subject to such approvals, permissions and sanctions as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities including the Central Government in granting such approvals, permissions, sanctions, if any, the approval of members be and is hereby accorded for payment of consolidated salary of ₹ 9,72,000 per month to Mr. N. Suresh Krishnan, Managing Director, for the period from April 01, 2020 to December 31, 2020.

   RESOLVED FURTHER THAT the other terms and conditions of his appointment like tenure, reimbursement of expenses, other benefits as applicable to senior executives of that rank and notice of termination, as approved by the members at the Annual General Meeting held on September 27, 2016 shall remain same.

   RESOLVED FURTHER THAT notwithstanding anything contained herein, where in any financial year, during the period April 01, 2020 to December 31, 2020, the Company has no profits or profits are inadequate, the Company may subject to receipt of the requisite approvals including the approval of the Central Government, if any, pay to Mr. N. Suresh Krishnan, Managing Director, the above remuneration as the minimum remuneration by way of salary, and other benefits as specified above, within the overall limits specified under para (A) of Section II of Part II Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof, subject to such approvals as may be required.

   RESOLVED FURTHER THAT the any one Director and/or Mr. Vijayamahantesh Khannur, Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient to give effect to the above resolution.

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

   RESOLVED THAT pursuant to the provisions of the Section 148 of Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), payment of remuneration of ₹ 1,60,000/- (Rupees One lakh and sixty thousands only) exclusive of applicable tax and other statutory levies, if any, and reimbursement of actual expenses incurred on travel, accommodation and other out-of-pocket expenses to Mr. Y K Venkatesh, Cost Accountant (Membership Number 5294), for conducting audit of cost records of the Company for the Financial Year 2020-21, be and is hereby ratified and confirmed.

   RESOLVED FURTHER THAT the Board of Directors is authorized to take all such steps as may be necessary, proper or expedient to give effect to the aforesaid resolution.

By the order of the Board

Bengaluru
August 07, 2020

Vijayamahantesh Khannur
Company Secretary

NOTES:

1. The Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 ("MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue, in view of the COVID – 19 pandemic. In terms of the MCA Circulars, the 53rd Annual general meeting (AGM) of the members of the Company is being held through video conferencing (VC) / other audio visual means (OAVM). There will be no physical meeting of members and the members can attend and participate in the AGM through VC/OAVM.
2. An explanatory statement pursuant to Section 102 of the Companies Act, 2013 is annexed hereto.
3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email at sudhir.compsec@gmail.com.
5. The Register of Members and Share Transfer Books will remain closed from September 08, 2020 to September 15, 2020 (both days inclusive) for the purpose of determination of members who are entitled to receive the dividend for the financial year 2019-20, if declared.
6. All relevant documents referred to in the Notice and the statements/reports annexed to Notice shall be open for inspection by Members at the Registered Office of the Company during normal business hours between 11.00 a.m. and 1.00 p.m. on all working days (except Saturdays, Sundays and Public Holidays) up to the date of the Annual General Meeting.
7. Pursuant to the provisions of Section 124(5) and 125 of the Companies Act, 2013, the dividend amount remaining unclaimed/unpaid for a period of seven years from the due date of payment shall be transferred to the Investor Education and Protection Fund (IEPF) established by Central Government. Pursuant to the provisions of Section 124(6) and Section 125 of the Companies Act, 2013 read with Rule 6 of the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company to the IEPF within 30 days of they becoming due to be transferred.

   Members who have not yet encashed their dividend warrant(s) are requested to make their claims without any delay.

   IT MAY BE NOTED THAT THE UNCLAIMED DIVIDEND PERTAINING TO THE FINANCIAL YEAR 2012-13 IS DUE FOR TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND AND THE SAME CAN BE CLAIMED FROM THE COMPANY ON OR BEFORE OCTOBER 28, 2020.
8. Electronic copy of the Notice of the 53rd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes.
9. Pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide the members the facility to exercise their right to vote at the 53rd Annual General Meeting by way of remote e-voting i.e casting votes by a member using an electronic voting system and the business may be transacted through e-voting services provided by Central Depositories Services (India) Limited. Members attending the meeting through VC/OAVM who have not already casted their vote by remote e-voting shall be entitled to cast their vote on the date of the meeting. Members who have casted their vote by remote e-voting may attend the meeting through VC/OAVM but shall not be entitled to cast their vote again on the day of the meeting.

   The Company has appointed Mr. Sudhir Hulyalkar, Practicing Company Secretary (Membership No. FCS 6040 and CP No. 6137), who is willing to be appointed and, in the opinion of the Board, is a duly qualified person and can scrutinize the voting and remote e-voting process in a fair and transparent manner, as a Scrutinizer. After the conclusion of the voting on the day of the meeting, the Scrutinizer shall count votes casted on the day of the meeting and through remote e-voting and provide a consolidated Scrutinizer's report of the total votes casted, within a period of three days from the date of conclusion of the meeting, to the Chairman or to the person authorized by the Chairman who shall countersign the same. The Chairman or the person authorized by the Chairman shall declare the result of the voting forthwith. The results declared along with the Scrutinizer's report shall be placed on the Company's website www.mangalorechemicals.com and on the website of CDSL – www.cdslindia.com and communicated to the Stock Exchanges.

The instructions for shareholders voting electronically are as under:

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.mangalorechemicls.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:

(i) The voting period begins on September 12, 2020 at 9.00 AM and ends on September 14, 2020 at 5.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 08, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote on the day of the meeting.

(iii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iv) Click on "Shareholders" module.

(v) Now enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at https://www.cdslindia.com from **Login - Myeasi** using your login credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to send email to Company or STA to obtain the sequence number.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Shareholders can also cast their vote using CDSL's mobile app "**m-Voting".** The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.

2. For Demat shareholders -, please provide Demat account detials (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to **Company/RTA email id**.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at https://www.evotingindia.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at shares.mcfl@adventz.com. The queries will be replied suitably depending upon the availability of time at AGM.

   The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at shares.mcfl@adventz.com. These queries will be replied to by the company suitably by email. The Company reserves the right to restrict the number of speakers depending upon the availability of time.

6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.

2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.

3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM through VC/OAVM. However, they will not be eligible to vote on the day of the AGM.

(xx) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at sudhir.compsec@gmail.com and to the Company at the email address viz; shares.mcfl@adventz.com (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

10. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.

11. The Register of Contracts, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.

12. Members should address all correspondence to the Company's Registrar and Share Transfer Agent at the following address quoting their Registered Folio Number or Demat Account Number & Depository Participant (DP) ID Number.

    Cameo Corporate Services Limited
    Subramanian Building, No.1, Club House Road, Chennai-600 002
    Phone: 91-44-2846 0395 Fax : 91-44-2846 0129
    E-mail: investor@cameoindia.com

13. The equity shares of the Company are mandated by Securities and Exchange Board of India for compulsory trading in demat form by all investors. The Company's shares have been admitted into both the depositories viz. National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL]. The ISIN allotted to the Company's equity shares is INE558B01017.

14. Members holding shares in physical form are requested to notify any change in their addresses, mandates/bank details immediately to the Company's Registrar and Share Transfer Agent, Cameo Corporate Services Limited, Chennai.

15. With effect from April 01, 2019, except in the case of transmission or transposition of securities, the requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a Depository. Hence, the members holding shares in physical form are requested to dematerialize their physical shares into electronic form by sending demat request to their concerned Depository Participants.

16. Members holding shares in electronic mode are requested to intimate all changes pertaining to their bank details to their Depository Participants in order to arrange the dividend payment by NECS/ECS or through warrant by printing the bank details, as the case may be.

EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

Item No. 4

Mrs. Rita Menon (DIN: 00064714) was appointed as an Independent Director of the Company for a period of three (3) years with effect from July 29, 2017 to July 28, 2020. As per the provisions of Section 149 of the Companies Act,2013 and the Rules made thereunder, an Independent Director can be reappointed for a second term by obtaining approval of the shareholders by a way of special resolution and on disclosure of such reappointment in the Board's Report.

The Nomination & Remuneration Committee at its Meeting held on June 12, 2020, after taking into account the performance evaluation of Mrs. Rita Menon during first term, has recommended to the Board for reappointment of Mrs. Rita Menon for second term. Based on the recommendation of the Nomination & Remuneration Committee and on the performance evaluation conducted as per Schedule IV of the Companies Act, 2014 by the Board of Directors, the Board has recommended the re-appointment of Mrs. Rita Menon as an Independent Directors, to hold office for the second term of 3 consecutive years from July 29, 2020 to July 28, 2023 and not liable to retire by rotation.

The Company has received the consent of Mrs. Rita Menon for reappointment for second term and she meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. An intimation is also received in Form DIR-8 in terms of Companies (Appointment & Qualification of Director) Rules 2014, to the effect that she is not disqualified under Sub-section(2) of Section 164 of the Companies Act 2013.

A notice has been received in writing by a member under Section 160 of the Companies Act, 2013 proposing reappointment of Mrs. Rita Menon as an Independent Director of the Company for second term of 3 (three) years with effect from July 29, 2020 to July 28, 2023.

Mrs. Rita Menon is interested in the Resolution set out at Item No. 4 of the Notice in regard to her reappointment. The relatives of Mrs. Rita Menon may be deemed to be interested in the Resolution set out at Item No. 4 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the above appointments. Accordingly, the consent of the members is sought by a Special Resolution for the Item No. 4 of the Notice.

Item No. 5

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on June 12, 2020 reappointed Mr. K. Prabhakar Rao as Director – Works for a further period of 2 (two) years from August 01, 2020 up to July 31, 2022 on the following terms.

a. Basic Salary: The Basis Salary shall be in the range of ₹ 215,000 per month to ₹ 400,000 per month. The annual increments will be decided by the Board of Directors or the Nomination and Remuneration Committee and will be based on merit after taking into account other relevant factors.

b. Flexi Pay and Variable Pay: The Flexi Pay and Variable Pay shall be according to the applicable policies / schemes of the Company from time to time during his tenure, as may be decided by the Board of Directors or the Nomination and Remuneration Committee.

c. Retirement Benefits & Other Perquisites: As per the Company's policies as applicable to Senior Executives, subject to the relevant provisions of the Companies Act, 2013.

d. Termination: By giving the other party, six months' notice

Any variation in the remuneration shall be as per the Resolution set out at Item No. 5 of the Notice. The remuneration is approved by the Board of Directors and the Nomination & Remuneration Committee at their respective meetings held on June 12, 2020. The Company has not made any default in repayment of any of its debts or debentures or interest payable thereon for a continuous period of thirty days in the preceding financial year before the date of appointment.

The Company may or may not have adequate profits during the reappointed tenure of Mr. K. Prabhakar Rao for payment of remuneration as per the details mentioned in the Resolution above. Thus, it is proposed to seek approval of the shareholders by way of a Special Resolution in accordance with first proviso to Para A of Section II of the Part II of Schedule V as per the details mentioned in the Resolution above, without the approval of the Central Government.

Other information as required under Section II of Part II of Schedule V.

I. General Information:

(1) Nature of industry: Manufacture of fertilizer and other plant nutrient products

(2) Commencement of commercial production: 1976

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not applicable

(4) Financial performance based on given indicators;

(₹ in Crore)

Particulars	2019-20	2018-19	2017-18
Sales	2,710.84	3,073.64	2,692.90
EBITDA	227.29	199.94	196.34

(5) Foreign investments or collaborations, if any: None

II. Information about the appointee:

(1) Background details: Mr. K Prabhakar Rao is working with the Company over a period of 40 years and has held various managerial positions before designating as Director – Works.

(2) Past remuneration: ₹ 109.91 lakhs during 2019-20.

(3) Recognition or awards: None

(4) Job profile and his suitability: The position is of Director – Works and designated as Principal Employer is heading all the operations of the Plant.

(5) Remuneration proposed: As disclosed above

(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person: The proposed remuneration is fully justifiable and comparable as prevalent in the industry keeping in view the profile and the position. Directors with similar profile and position in companies of similar size in the industry are paid similar remuneration.

(7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel: None

III. Other information:

There is no loss or inadequate profits at present. However, for any reason not measurable at present, if there is loss or inadequate profits during any year of the reappointed tenure of Mr. K Prabhakar Rao, Director – Works, approval of the shareholders by Special Resolution would enable payment of remuneration as per the details given in this Notice. The future outlook is provided as part of Board of Directors' report and Management Discussion and Analysis attached to Board of Directors' report.

IV. Disclosures:

The other required disclosures are made in the Corporate Governance Report attached to the Board of Directors' report.

Mr. K. Prabhakar Rao is interested in the resolution set out at Item No. 5 of the Notice. The relatives of Mr. K. Prabhakar Rao may be deemed to be interested in the Resolution set out at Item No. 5 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the above appointment. The Board accordingly places the Special Resolution set out at Item No. 5 of the Notice for approval of the members.

Item No. 6

The shareholders at the Annual General Meeting of the Company held on September 27, 2016 had approved appointment of Mr. N. Suresh Krishnan as Managing Director for a period of five years with effect from January 01, 2016 to December 31, 2020. The shareholders at the AGM held on September 25, 2017 had approved payment of consolidated salary of ₹ 8,00,000 per month to Mr. N. Suresh Krishnan, Managing Director, with such annual increments, not exceeding the limits mentioned in Para (A) of Section II of Part II of Schedule V, as may be determined by the Nomination and Remuneration Committee and / or the Board of Directors for a period of three (3) years with effect from April 01, 2017 to March 31, 2020.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors, at its meeting held on May 14, 2019, had approved payment of consolidated salary of ₹ 9,72,000 per month to Mr. N Suresh Krishnan, Managing Director for the financial year April 01, 2019 to March 31, 2020. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors, at its meeting held on Feb 04, 2020, has approved payment of same salary of ₹ 9,72,000 per month to Mr. N Suresh Krishnan, Managing Director for the remaining period of his tenure i.e. from April 01, 2020 to December 31, 2020.

The approval of the shareholders is required for payment of remuneration for the period from April 01, 2020 to December 31, 2020. The remuneration is approved by the Board of Directors and the Nomination and Remuneration Committee at respective meetings held on February 04, 2020. The Company has not made any default in repayment of any of its debts or debentures or interest payable thereon for a continuous period of thirty days in the preceding financial year before the date of appointment.

The Company may or may not have adequate profits during April 01, 2020 to December 31, 2020 for payment of remuneration as per the details mentioned in the resolution above. Thus, it is proposed to seek approval of the shareholders by way of an Ordinary Resolution in accordance with first proviso to Para A of Section II of the Part II of Schedule V as per the details mentioned in the Resolution above, without the approval of the Central Government.

Other information as required under Section II of Part II of Schedule V.

I. General Information:

(1) Nature of industry: Manufacture of fertilizer and other plant nutrient products

(2) Commencement of commercial production: 1976

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not applicable

(4) Financial performance based on given indicators;

(₹ in Crore)

Particulars	2019-20	2018-19	2017-18
Sales	2,710.84	3,073.64	2,692.90
EBITDA	227.29	199.94	196.34

(5) Foreign investments or collaborations, if any: None

II. Information about the appointee:

(1) Background details: Mr. N. Suresh Krishnan has been appointed as Managing Director of the Company with effect from Jan 01, 2016. He is also Managing Director of Paradeep Phosphates Limited with effect from February 16, 2020. With 27 years of corporate experience in fertilizer, energy and cement sectors, Mr. Krishnan has been associated with Adventz Group for over 2 decades and has been widely acknowledged for his dynamic leadership, vision and commitment. Before taking over as Managing Director of Paradeep Phosphates Limited, he was Managing Director of Zuari Agro Chemicals Limited since March 2012 and Zuari Global Limited since April 2015.

(2) Past remuneration:
₹ 116.64 lakhs from April 01, 2019 to March 31, 2020 in Mangalore Chemicals & Fertilizers Limited.
₹ 144.90 lakhs from April 01, 2019 to February 15, 2020 in Zuari Global Limited.
₹ 22.67 lakhs from February 16, 2020 to March 31, 2020 in Paradeep Phosphates Limited.

(3) Recognition or awards: None

(4) Job profile and his suitability: His functional experience spans corporate finance, corporate strategy, projects planning, operations and business development. Over the years, he has been instrumental in financing of large Greenfield projects in domestic and international markets, forging and managing joint ventures and acquisitions and in executing turnaround strategies alongside day-to-day operations in the manufacturing sector.

(5) Remuneration proposed: As disclosed above.

(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person: The proposed remuneration is fully justifiable and comparable as prevalent in the industry keeping in view the profile and the position of Managing Director. Directors with similar profile and position in companies of similar size in the industry are paid similar remuneration.

(7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel: None

III. Other information:

There is no loss or inadequate profits at present. However, for any reason not measurable at present, if there is loss or inadequate profits during April 01, 2020 to December 31, 2020, the remaining period of current term of Mr. N Suresh Krishnan, Managing Director, approval of the shareholders by an Ordinary Resolution would enable payment of remuneration as per the details given in this Notice. The future outlook is provided as part of Board of Directors' report and Management Discussion and Analysis attached to Board of Directors' report.

IV. Disclosures:

The other required disclosures are made in the Corporate Governance Report attached to the Board of Directors' report.

Mr. N. Suresh Krishnan is interested in the resolution set out at Item No. 6 of the Notice. The relatives of Mr. N. Suresh Krishnan may be deemed to be interested in the Resolution set out at Item No. 6 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the above appointment. The Board accordingly places the Ordinary Resolution set out at Item No. 6 of the Notice for approval of the members.

Item No. 7

Mr. P. R. Tantri, Cost Accountant, Bangalore was appointed as Cost Auditor for the year 2019-20 and has carried out cost audit work satisfactorily. Owing to his personal reasons, Mr. P R Tantri has conveyed his inability to take up the assignment of cost audit for the year 2020-21.

Accordingly, the Board of Directors has appointed Mr. Y K Venkatesh, Cost Accountant (Membership Number 5294), as Cost Auditor of the Company for the financial year 2020-21 on a remuneration of ₹ 1,60,000/- (Rupees One lakh sixty thousand only) exclusive of applicable tax and other statutory levies, if any, and reimbursement of actual expenses incurred on travel, accommodation and other out-of-pocket expenses.

Pursuant to provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the members are requested to ratify the above remuneration to Cost Auditor for the financial year 2020-21 by an Ordinary Resolution.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in this matter.

Additional information pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Details of the Directors seeking appointment/reappointment.

Name of the Director	**Akshay Poddar**	**Rita Menon**	**K Prabhakar Rao**
Date of Birth	July 20, 1976	December 25, 1951	July 2, 1955
Qualification	Master of Science in Leadership & Strategy from London Business School. Honors in Accounting and Finance from London School of Economics and Political Science, University of London.	M A (Economics) from Delhi School of Economics. Retired IAS officer of 1975 barch.	B.E (Chemicals)
Inter-se relationship with Directors of the Company	None	None	None

Name of the Director	Akshay Poddar		Rita Menon		K Prabhakar Rao	
Expertise in Functional area	Over 19 years of track record of promoting and managing businesses in diversified industries like fertilizers, agri-inputs, heaving engineering, sugar, consumer products, real estate, investments and furniture etc.		In her career as IAS Officer she has worked in various positions like CMD of ITPO, Chairperson of TNTPO & KTPO, Joint Secretary to Secretary Positions at various Central Ministries, MD of UP Finance Corporation, Director at various central and private sector undertakings like BEL, GRSEL, Goa Shipyard Ltd, Mazagaon Dock Ltd, SIDBI etc.		Mr. Prabhakar Rao, has been working with the Company since 1978 and has handled various responsibilities in the Company. As Director–Works, he is presently responsible for production, maintenance, quality control, technical services, projects, safety and logistics at the Company's plant in Mangalore. Mr. Rao has widely travelled and participated in many National and International symposiums He has attended various Management Development Programs in premier Institutions such as IIM Bangalore & Ahmedabad.	
Directorships in other Public Companies	Director in Adventz Securities Enterprises Limited, Indian Chamber of Commerce, Kolkata, YPO, Kolkata, Lionel Edwards Ltd, Texmaco Infrastructure & Holdings Limited, Texmaco Rail & Engineering Limited, Zuari Agro Chemicals Limited, Lionel India Limited and The Fertiliser Association of India.		Director in Micromax Informatics Limited and Metropolitan Clearing Corporation of India Limited		Nil	
Membership / Chairmanship in other Public Companies	Chairman	Member	Chairman	Member	Chairman	Member
Audit Committee	Nil	01	Nil	02	Nil	Nil
Stakeholders' Relationship Committee	01	01	01	Nil	Nil	Nil
Shareholding in the Company	*11,09,359 equity shares		Nil		Nil	

*out of 11,09,359 shares, 46,715 shares purchased on 31.03.2020 are credited to his demat account after 31.03.2020.

By the order of the Board

Bengaluru
August 07, 2020

Vijayamahantesh Khannur
Company Secretary

DIRECTORS' REPORT

To the Members,

1. Your Directors place before you the Fifty Third Annual Report of the Company together with Statement of Accounts for the financial year ended March 31, 2020.

2. FINANCIAL HIGHLIGHTS

(₹ in Crores)

	2019-20	2018-19
Revenue from operations	**2,710.84**	3,073.64
EBITDA	**227.29**	199.94
Finance Costs	**111.48**	111.02
Depreciation	**45.37**	38.78
Profit before tax	**70.44**	50.14
Tax expense	**5.89**	17.26
Profit after tax	**64.55**	32.88
Other Comprehensive Income / (Loss)	**0.16**	(0.76)
Total Comprehensive Income	**64.71**	32.12
Earnings Per Share (Basic & Diluted) ₹	**5.45**	2.77
Net Worth	**545.58**	495.16

3. DIVIDEND

The Board of Directors recommended a dividend of ₹ 0.50 per equity share of ₹ 10/- each.

4. REVIEW OF OPERATIONS

The revenue from operations for the year ended March 31, 2020 was ₹ 2,710.84 crores as compared to ₹ 3,073.64 crores for the year ended March 31, 2019.

The profit before tax for the year ended March 31, 2020 was ₹ 70.44 crores as compared to ₹ 50.14 crores for the year ended March 31, 2019. Total Comprehensive Income stood at ₹ 64.71 crores for the year ended March 31, 2020 compared to ₹ 32.12 crores for the previous year.

The financial results of the Company were better primarily on account of higher production of Urea besides operational effeciency during the year compared to previous year.

5. PRODUCTION

Urea

Your Company achieved production of 3,79,500 MT during the year against the reassessed capacity of 3,79,500 MT, compared to 3,49,500 MT during the previous year.

Di-Ammonium Phosphate (DAP) and Complex Fertilizers

Your Company produced 2,93,388 MTs of Phosphatic Fertilizers during the year compared to 2,96,829 MTs in the previous year, based on the availability of raw materials.

Ammonium Bi-Carbonate (ABC)

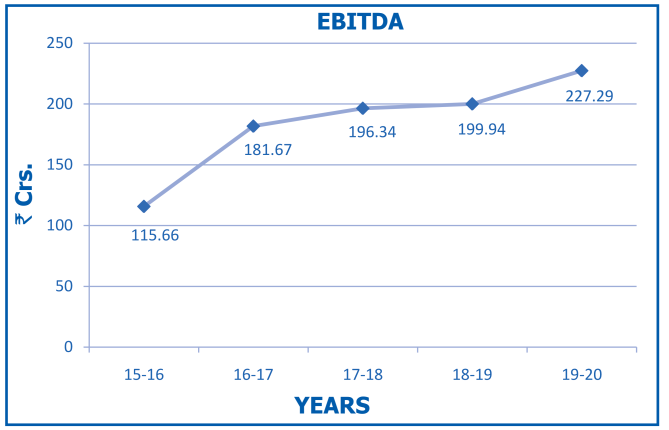
Production of ABC at 14,198 MTs during the year compared to 13,860 MTs in the previous year.

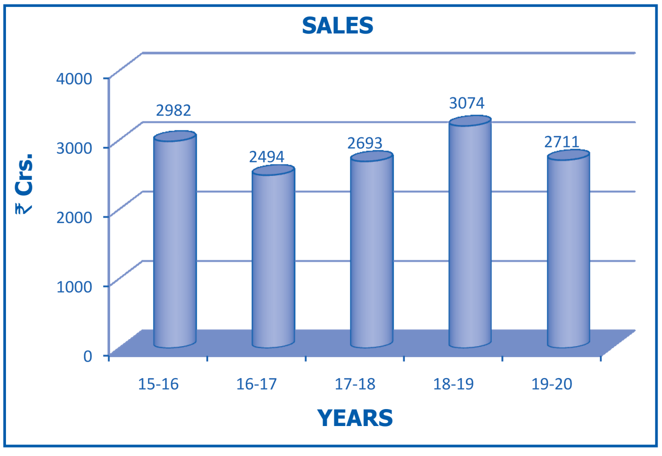
6. SALES

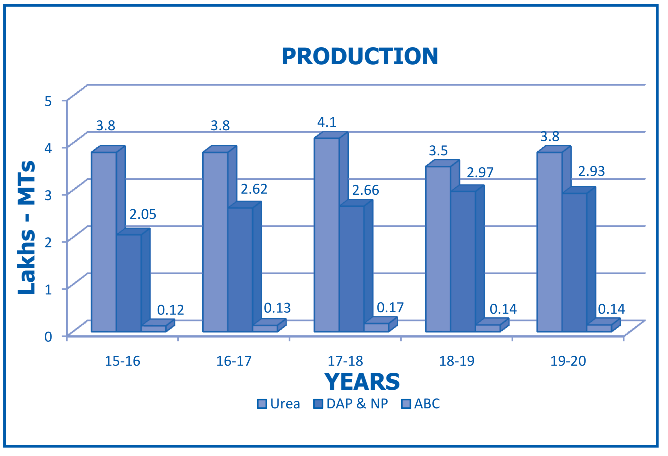
During the year, your Company sold 3,79,562 MTs of Urea compared to 3,55,964 MTs in the previous year. Sale of manufactured Phosphatic Fertilizers were 3,05,409 MTs compared to 2,77,672 MTs in the previous year. Sale of imported fertilizers were 1,16,871 MTs against 2,28,770 MTs in the previous year.

Sulphonated Naphthalene Formaldehyde (SNF)

The Company sold 17,364 MTs of SNF during the year, compared to 14,486 MTs in the previous year. The Company has continued with new product variants for applications in newer areas to improve plant utilization, in order to de-risk its focus on construction chemical industry.







Specialty Plant Nutrition (SPN) Products

The plant set up in August 2010 for manufacture of SNF on a modular basis can take care of increased demand. Your Company, being a responsible corporate, continued its focus on addressing serious issues like soil deterioration, improve soil conditions and its productivity. Your Company continues to supply agri. inputs to farmers that maintain soil health, provide balanced and complete nutrition, and improve crop health.

Continued effort in identifying customer needs, introducing suitable products and educating farmers as well as channel partners in proper use of these inputs has resulted in Company achieving a turnover of ₹ 160 crore during the year.

The Specialty Fertilizer manufacturing facility in Mangalore, has greatly helped in growth of SPN business by providing timely supply of quality products.

To address the nutrient deficiencies noticed in the soil resulting in inadequate output or crop failure in the areas serviced by our marketing network, our R&D center at Hassan has been developing many new innovative crop nutrition products. The response from the farmers on the effectiveness of these products has been very encouraging.

In order to encourage scientific application of fertilizers and plant nutrients, your Company has been very actively involved in educating farmers through several customer education & development activities under the concept of Integrated Nutrient Management (INM).

Crop Protection Chemical (CPC) Products

Your Company has adopted a collaborative approach for marketing the products of reputed pesticide companies through its channel partner network. The CPC business registered a turnover of ₹ 14 crores during the year through a wide range of CPC products.

Analytical and Advisory Service

R & D facility of the Company established at Hassan continues to analyze samples of soil, water, plant tissues, plant nutrients, organic manures, soil amendments, fertilizers etc. pertaining to our customers and provides appropriate recommendations for soil health management and crop management. The R & D facility is also involved in development of many new specialty products. Suitable follow up is done by our experts and extension workers to ensure effective implementation of the scientific recommendations. All these are provided to our customers free of cost to ensure their active participation in achieving profitability and sustainability in agriculture.

7. WORKING CAPITAL

Higher subsidy demand on account of escalation in commodity prices coupled with rupee depreciation and continued under-provisioning for fertilizer subsidy in the Union Budget, with resultant delay in subsidy payment by Govt. of India (GOI) contributed to precarious working capital condition. The estimated interest cost on account of delay in subsidy payment was ₹ 58 crores for the year.

8. MODERNIZATION OF AMMONIA/UREA PLANTS/NEW PROJECTS

Natural Gas Conversion Project

All equipment related to NG conversion project were installed in Ammonia and captive power plant. The plant is fully ready in all respects to receive natural gas. As informed by GAIL (India) Ltd., a major portion of the laying of gas pipeline from Kochi to Mangalore is completed. One of two rivers crossing works has been completed by GAIL and one river crossing work in Kasaragod district of Kerala is under progress. The pipeline is expected to be ready for gas supply in second quarter of 2020-21.

Ammonia Plant Energy Improvement Project

Basic & detailed engineering of the ammonia plant revamp under technology licensing from Kellog Brown Root has been completed. Meanwhile, after receiving environment clearance, orders for long lead & other items were placed. While the manufacturing of equipment by the respective suppliers was in progress, it was hampered due to COVID – 19 challenges globally. Factoring this, the revised timelines are being drawn and the project is expected to be commissioned during next financial year.

New Projects

Your Company had also received environment clearance in August 2018 for expansion project of Urea plant with additional capacity of 1,40,400 TPA, DAP & NPK plant with additional capacity of 10,00,000 TPA and Sulfonated Naphthalene Formaldehyde / Poly Carboxylate Ether plant with additional capacity of 18,000 TPA in addition to Ammonia Plant Energy Improvement Project as aforesaid. These projects would be pursued later.

9. FERTILIZER POLICY

The Company had filed writ petition before the Hon'ble High Court of Delhi seeking remedy against some restrictive & discriminatory conditions imposed by the Notification No.12018/4/2014-FPP dated June 17, 2015 which allowed continuation of production of urea by 3 Naphtha based units (MFL – Manali, MCFL – Mangalore and SPIC – Tuticorin) till these plants get assured supply of gas either by gas pipeline or any other means.

The writ petition was disposed since the GOI confirmed that the Company would be eligible for the benefits as are available to other manufacturers of Urea who have converted their manufacturing processes to gas based and are now utilizing gas for production of Urea.

The GOI issued Notification No.12012/1/2015-FPP dated March 28, 2018 confirming the availability of benefits to the Company for having converted its manufacturing process to gas based, on receipt & use of gas for production of Urea and continuation of existing policy till March 2020. The Company is engaging with GOI for continuation of the existing policy till the gas supply is made available.

The Nutrient Based Subsidy Scheme (NBS) was introduced by the GOI with effect from April 1, 2010 after de-controlling the DAP / complex fertilizers, where annual/bi-annual concession rates are announced in advance leaving the market realization to reflect the fluctuations in respective commodity prices. However, the GOI is monitoring the market realization.

10. SAFETY, HEALTH, ENVIRONMENT AND POLLUTION CONTROL

SAFETY

During the year, periodic audits of Safety, Health and Environment Management System were carried out by M/s DNV-GL. A Public Awareness Programme and Awareness on Natural Gas usage was conducted at Lions Seva Mandir in February 2020 in association with Lions Club, Petronet LNG Ltd. and GAIL (India) Ltd.

Your Company has taken several measures to strengthen safety systems inside the factory. A multi-purpose fire tender having 1000 kg capacity DCP vessel for fighting NG fires, Water mist firefighting pump, Emergency light mast etc. have been procured and installed. Break Glass type manual fire alarm call points were also installed in Ammonia Plant, Tank farm, Cooling tower and CPP areas Graphic interface software for the existing addressable fire alarm system was incorporated.

During the year, your Company was awarded "Utthama Suraksha Puraskara" by National Safety Council – Karnataka Chapter in recognition of good management systems and safety performance during the years 2017 and 2018.

On-site Emergency Plan was updated to include Natural Gas related scenarios as the plant is gearing up for Natural Gas based operation. The plan is approved by Director of Factories, Boilers, Industrial Safety & Health, Government of Karnataka. Extensive training programs related to rescue operations, usage of personal protective equipment, emergency management, work permit system, Fire Safety at home, Safety, Health and Environment management system, were organized for employees. Regular mock drills were also conducted to check the emergency preparedness. Promotional campaigns like National Safety Day, Fire Service Week and Chemical Disaster Prevention Week were undertaken.

Firefighting training is being conducted every Friday to train the employees and also contractors' workmen. Various training programmes (Audio, Visual & practical) were conducted both at works and township.

HEALTH

Annual medical examinations were conducted for all employees and contract workers which included general physical examination, systemic examination and laboratory investigations.

Special tests like pulmonary function test for the employees who are exposed to dust and chemicals, audiometry for those exposed to noise and vision test for those who require high visual acuity at workplace were conducted by concerned specialists as per schedule.

Medical examination of the canteen workers was conducted with more stress on personal hygiene and tests were conducted for any communicable diseases. Employees of Ammonium Bi-Carbonate (food grade) Plant were examined for any communicable/skin diseases and were immunized against diseases like Hepatitis B and Typhoid as per schedule.

Awareness programme on "Health & Personal Hygiene" was conducted for the employees of ABC Plant and Canteen regularly. First aid training programmes were conducted for employees and contract workers regularly. Health awareness programmes on various subjects such as Health hazards of Tobacco, Diabetes Wellness Programme, Shoulder & Sports injuries, Corona Virus Disease were conducted for employees.

Health & Eye check-up camps, Dental check-up/awareness camps, Cardiac Check-up camps were conducted in neighboring villages and schools and also delivered a presentation on "Best Practices in Occupational Health at MCF" at International Conference on Vision Zero organized by Government of Karnataka at Bangalore.

ENVIRONMENT

As an ISO 14001 certified company, many environmental management programs have been implemented to improve the environmental performance of the Company. Your Company has achieved zero liquid discharge status in 2010 by upgrading its effluent and sewage treatment plants to recover and reuse the treated waters. The rainwater harvesting system and sewage treatment plants are already installed at township for employees. In addition to the existing 64 acres of green belt in manufacturing site, your Company has planted 3,000 saplings during 2019-20.

Environmental Management System (EMS) in line with the new version, ISO14001:2015 was implemented during the year and certified by M/s Det Norske Veritas, Bangalore. Your Company has installed Continuous Ambient Air Quality Monitoring (CAAQM) station inside factory premises for continuous monitoring of ambient air quality. Ambient air quality data from CAAQM station is being displayed in LED display board at the entrance of the factory facing National highway for public information. Your Company has also installed Continuous Online Monitoring Systems in Urea prill tower, Di-Ammonium Phosphate plant stack and Sulphuric Acid plant stack as per the Central Pollution Control Board (CPCB) guidelines.

Environment Laboratory at factory has been assessed and accredited in accordance with standard ISO/IEC 17025:2015 by National Accreditation Board for Testing and Calibration Laboratories (NABL). Lighting in the entire complex including hazardous area lighting has been now converted to LED lighting. Over 5,750 LED light fittings were installed over past three years with focus on reducing energy consumption.

Your Company has conducted series of programmes under "Swachchata Hi Seva" focusing on Plastic Waste Management in this year. The programmes covered four awareness programmes in Educational Institutes, a Shramadan in association with a College and a workshop on "Recycling opportunities in Plastic Waste Management" in association with various organizations of Mangalore.

Green Rating & Green Power

Your Company has been conferred "3 leaf award" and placed in 2nd position (shared with KRIBHCO) among 23 operational Indian Urea plants participated in the Green Rating Survey conducted in 2018-19 by Delhi based non-profit organization Centre for Science & Environment (CSE).

As a first step towards renewable power generation, your Company has taken up initiative by commissioning Roof Top Solar Photo Voltaic System with a capacity of 251.23 kWp at plant in Mangalore in January 2019. Estimated annual electrical energy generation is around 3,80,000 units. The system was installed and commissioned by Tata Power Solar, Bengaluru. During the year, 3,20,000 kWh of solar power was generated.

Bio-Digester Plant for Canteen waste

A bio-digester plant was installed to convert Canteen Kitchen waste to Bio-gas. The industrial canteen at factory produces about 50 – 70 kg/day of waste. The waste is now converted to Bio-gas equivalent to 150 kg of LPG/month and it is used as fuel in the canteen kitchen. Residue, a rich manure, is used as fertilizer in garden. The system also reduces solid waste handling by converting it to useful product at source of generation itself.

Management of COVID – 19

For the prevention of COVID – 19 spread, your Company has been doing thermal screening of all employees & contract workers since March 10, 2020 and awareness programme on Corona virus was arranged for the benefit of the employees. Central Monitoring Office for monitoring of the COVID-19 situation was been set up, social distancing, use of masks, use of ArogyaSetu app & sanitizers has been strictly implemented in workplaces and Canteen. Your Company operated with only essential manpower during complete lockdown with necessary safety & social distancing measures like staggered shifts roster, flexible work hours, work from home option etc. Standard Operating Procedure as per the guidelines of Ministry of Home Affairs were followed during lockdown period.

11. ANNUAL RETURN

Annual Return referred to in Section 92(3) of the Companies Act, 2013 is available on the website of the Company i.e. www.mangalorechemicals.com.

12. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR

During the year, five Board Meetings were held on May 14, 2019, August 12, 2019, October 22, 2019, November 13, 2019, and February 04, 2020.

13. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, your Directors confirm that:

a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors have prepared the annual accounts on a going concern basis;

e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively;

f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

14. STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declaration of independence from the Independent Directors and the same have been noted by the Board of Directors in its meeting held on June 12, 2020.

15. DIRECTORS

Mr. Akshay Poddar retires by rotation and being eligible offers himself for reappointment at the ensuing Annual General Meeting.

The first term of Mr. Arun Duggal as an Independent Director would end on September 28, 2020. Mr. Arun Duggal is not seeking reappointment for second term. The first term of Mrs. Rita Menon as an Independent Director would end on July 28, 2020 and being eligible, offers herself for reappointment. Considering her expertise, performance and contribution to the Board, based on the recommendation of the Nomination & Remuneration Committee, the Board recommends reappointment of Mrs. Rita Menon, as an Independent Director for second term of 3 years, subject to approval of the members by special resolution at the ensuing Annual General Meeting.

During the year, the Company has appointed Mr. Dipankar Chatterji and Mr. Shashi Kant Sharma, as Directors in the category of Independent Directors. In the opinion of the Board of Directors, both Mr. Dipankar Chatterji and Mr. Shashi Kant Sharma possess requisite expertise and experience on the roles, rights and responsibilities of Independent Directors.

Mr. Narendra Mairpady resigned from the Board of Directors with effect from April 05, 2019.

16. DIRECTORS TRAINING & FAMILIARIZATION

The Company, in compliance with Regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, formulates programs to familiarize new Independent Directors inducted on the Board with the Company, nature of the industry, business model and their roles and responsibilities. The new Independent Directors appointed by the Company during the year 2019-20 are having rich experience on the roles, rights and responsibilities of independent directors. A programme for the new Directors about the nature of the industry and the business model of the Company, which was planned in the last week of March 2020 could not be held due to COVID-19 pandemic. The Company shall arrange the same in due course as and when the normalcy returns.

17. PERFORMANCE EVALUATION

Pursuant to the provisions of the Section 134, 178 and Sch. IV of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the following performance evaluations were carried out;

a. Performance evaluation of the Board, Chairman and non-Independent Directors by the Independent Directors;

b. Performance evaluation of the Board, its committees and Independent Directors by the Board of Directors; and

c. Performance evaluation of every Director by the Nomination and Remuneration Committee.

The evaluation process covered adequacy of the composition of the Board and its Committees, disclosure of information to the Board and Committees, performance of duties and obligations, governance parameters, participation of the members of the Board/Committees and fulfilment of independence criteria and maintaining independence from the management by the Independent Directors.

Based on the evaluation done by the Directors, the performance of the Board, its Committees and the Directors was satisfactory and the quality, quantity and timeliness of flow of information between the management and the Board was appreciable.

18. NOMINATION & REMUNERATION POLICY

Based on the recommendation of the Nomination and Remuneration Committee, the Board has approved the Nomination & Remuneration Policy. The Nomination & Remuneration Policy provides for constitution & role of Nomination and Remuneration Committee, guidelines on procedure for appointment/removal of Director, Key Managerial Personnel or at Senior Management level, recommendation for remuneration, compensation and commission to be paid to the Managing Director/Whole time Director/Non-Executive Directors and carrying out evaluation of performance of every Director and Key managerial personnel.

The Nomination & Remuneration Policy is placed on the website of the Company i.e. www.mangalorechemicals.com.

19. SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES

The Company does not have any subsidiary, associate or joint venture.

20. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Board of Directors has constituted a CSR Committee and also approved the CSR Policy.

Terms of Reference:

The CSR Committee formulates and recommends to the Board a CSR Policy which shall indicate the activities to be undertaken by the Company, as specified in Schedule VII of the Companies Act, 2013. The Committee also recommends the amount of expenditure to be incurred on CSR activities and monitors the CSR Policy of the Company from time to time. Other terms of reference are given below;

- The Corporate Social Responsibility Committee shall meet atleast once in a financial year.
- The quorum for the meetings shall be at least 2 members.
- The Committee shall recommend the amount of expenditure to be incurred on the CSR activities on an annual basis.
- The Committee shall monitor & recommend to the Board changes to the Corporate Social Responsibility Policy from time to time.
- The Company Secretary shall act as the secretary of the CSR Committee.

During the year, the Committee met twice on May 14, 2019 and August 12, 2019. The attendance at the meeting was as follows:–

Name of the member	Status	No. of meetings attended
Rita Menon@	Chairperson	2
D. A. Prasanna	Member	2
N. Suresh Krishnan@	Member	1
K. Prabhakar Rao	Member	2
Narendra Mairpady#	Chairperson	-

up to 05.04.2019. @ Mrs. Rita Menon is designated as Chairperson and Mr. N. Suresh Krishnan is appointed as member w.e.f. 14.05.2019.

Based on the recommendation of the CSR Committee, the Company has formulated a comprehensive CSR policy. The details of CSR policy, CSR initiative and activities during the year and the Annual Report on Company's CSR activities are furnished in Annexure 1 attached to this report.

21. COMPOSITION OF AUDIT COMMITTEE AND VIGIL MECHANISM

The composition of the Audit Committee during the year is shown in the Corporate Governance Report attached as Annexure 5.

The Company has established a vigil mechanism through Whistleblower Policy and the Audit Committee of the Company is responsible to review periodically the efficient and effective functioning of the vigil mechanism, to deal with instances of fraud and mismanagement and suspected violations of the Company's Code of Business Conduct and Ethics, if any.

The Whistleblower Policy provides for adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of the employees and the Company. The Whistleblower Policy is placed on the website of the Company www.mangalorechemicals.com.

22. RISK MANAGEMENT

The Company has the requisite processes and procedures in place to identify and assist in minimizing exposure to risk that threaten the existence of the Company. Based on the recommendation of the Risk Management Committee, the Board has put in place a risk management policy to monitor and review potential risks.

The heads of departments regularly review and assess the departmental policies/procedures and identify risks, perform analysis of the frequency and severity of potential risks, select the best techniques to manage risk, implement appropriate risk management techniques and monitor, evaluate and document results.

23. LOANS, GUARANTEES OR INVESTMENTS

The Company has not given any loans or guarantees covered under the provisions of Section 186 of the Companies Act, 2013 during the year. The details of the investments made by Company are given in the notes to the financial statements.

24. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the year were at arm's length. All related party transactions were approved by the Audit Committee and the Board of Directors. The details of related party transactions as per Form AOC–2 is enclosed as Annexure 2 to the Directors' Report. There were no related party transactions made by the Company with the Promoters, Directors and Key Managerial Personnel which may have a potential conflict with the interest of the Company at large.

25. DEPOSITS

The Company has not accepted any fixed deposits in the past or during the year.

26. STATUTORY AUDIT

The Statutory Auditors, M/s S. R. Batliboi & Co. LLP, Chartered Accountants, were appointed to hold office from the conclusion of 50th Annual General Meeting till the conclusion of 55th Annual General Meeting of the Company.

27. SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company re-appointed Mr. S. Kedarnath, Practicing Company Secretary to undertake the Secretarial Audit of the Company for the year 2019-20. The Secretarial Audit report is annexed herewith as Annexure 3.

28. COST RECORDS & COST AUDIT

The Company is required to maintain cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013, and accordingly such accounts & records are made and maintained. The Company reappointed Mr. P. R. Tantri, Cost Accountant, Membership No. 2403, as the Cost Auditor for the year 2019-20. The Cost Audit Report for the year ended March 31, 2019 was filed by the Company with the Ministry of Corporate Affairs on September 10, 2019.

29. AUDITORS' REPORT

There were no qualifications, reservations or adverse remarks made by the Statutory Auditor, Secretarial Auditor and Cost Auditor in their respective reports. No frauds have been reported by the Auditors during the year.

30. MATERIAL CHANGES & COMMITMENTS

There were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report.

31. SIGNIFICANT & MATERIAL ORDERS

No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

32. DETAILS PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013

Details pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, shall form part of this report. However, in terms of Section 136 of the Act, this report is being sent to all the members of the Company excluding the aforesaid information. The said particulars are available for inspection by the Members at the Registered Office of the Company.

33. DISCLOSURE AS PER SECTION 22 OF THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. No complaint / case has been filed / pending before the Committee during the year.

34. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in Annexure 4 attached to this report.

35. CORPORATE GOVERNANCE

The Company is committed to good corporate governance practices. The Board endeavors to adhere to the standards set out by the Securities and Exchange Board of India (SEBI) on corporate governance practices and accordingly has implemented all the mandatory stipulations.

A detailed Corporate Governance Report in line with the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 regarding the corporate governance practices followed by the Company and the certificate from Practicing Company Secretary relating to compliance of mandatory requirements along with Management Discussion and Analysis report are given as Annexure 5 and 6 respectively. A statement regarding opinion of the Board, with regard to integrity, expertise and experience (including proficiency) of the independent directors appointed during the year is given in Corporate Governance Report annexured as Annexure 5.

36. BUSINESS RESPONSIBILITY STATEMENT

Pursuant to amended Regulation 34(2)(f) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the top 1000 listed companies (earlier top 500 listed companies) based on market capitalization calculated as on March 31 of every financial year, need to prepare business responsibility report describing the initiatives taken by the Company from an environmental, social and governance perspective, in the format as specified by SEBI vide its circular dated November 04, 2015. Accordingly, your Company being one of the top 1000 listed companies based on market capitalization as on March 31, 2020, has prepared business responsibility report which is given as Annexure 7.

37. ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere appreciation of the guidance and advice given by Mr. Narendra Mairpady during their association with the Company.

Your Directors thank the Company's clients, vendors, investors and bankers for their support. Your Directors also wish to place on record their appreciation of the excellent performance of the employees.

Your Directors express their gratitude to the Government of India, the State Governments, the Customs and Excise Departments and other government agencies for their support, and look forward to their continued support in the future.

For and on behalf of the Board of Directors,

N. Suresh Krishnan
Managing Director

K. Prabhakar Rao
Director - Works

June 12, 2020

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Annexure 1

Annual Report on CSR Activities

1. A brief outline of the Company's CSR policy and overview of projects to be undertaken

   Corporate Social Responsibility Policy (CSR Policy) of Mangalore Chemicals & Fertilizers Limited (MCFL) encompasses the Company's philosophy to discharge its social responsibility in the up-liftment/development of the communities in its operating territory and mechanism for undertaking CSR activities/projects/programs with reference to provisions and Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

   The CSR policy of the Company provides for following areas of focus and activities.

Focus Area	Activities
Health Care	• Project Eye Care • Human Health Camps • Animal Health Camps
Education	• Mangala Akshara Mitra • Helping school for special children
Sports, Arts and Culture	• Raitha Dasara – Rural sports • Identify and promote nationally recognized sports
Community Development	• Development of Rural Areas • Assistance to tribal community
Environmental Sustainability	• Animal Welfare • Adoption of Animals

   The CSR Policy is available on the website of the Company which can be accessed on the web link: www.mangalorechemicals.com.

2. The Composition of the CSR Committee:

Name of the member	Status
Rita Menon@	Chairperson
D. A. Prasanna	Member
N. Suresh Krishnan@	Member
K. Prabhakar Rao	Member
Narendra Mairpady#	Chairman

   # up to 05.04.2019. @ Mrs. Rita Menon is designated as Chairperson and Mr. N. Suresh Krishnan is appointed as member w.e.f. 14.05.2019.

3. Average net profit of the company for last three financial years: ₹ 5,215 lakhs

4. Prescribed CSR Expenditure (2% of the amount as in item 3 above): ₹ 104.30 lakhs

5. Details of CSR spent during the financial year:

   a) Total amount spent for the financial year 2019-20: ₹ 105.21 lakhs

   b) Amount unspent: Nil

   c) Manner in which the amount spent during the financial year is detailed below.

1	2	3	4	5	6	7	8
Sl. No.	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs were undertaken**	**Amount outlay (budget) project or wise (₹ in Lakhs)**	**Amount spent on the projects or programs (₹ in Lakhs)**	**Cumulative expenditure up to the reporting period (₹ in Lakhs)**	**Amount spent: Direct or through implementing agency**
1	Mangala Akshara Mitra	Promotion of Education	Local Area in which Company is operating	21.00	18.94	18.94	Direct
2	Swacha Vidyalaya	Sanitation & Drinking water	Local Area in which Company is operating	12.00	27.24	27.24	Direct
3	Eye Care	Health Care	Local Area in which Company is operating	20.00	19.14	19.14	Direct

1	2	3	4	5	6	7	8
Sl. No.	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs were undertaken**	**Amount outlay (budget) project or wise (₹ in Lakhs)**	**Amount spent on the projects or programs (₹ in Lakhs)**	**Cumulative expenditure up to the reporting period (₹ in Lakhs)**	**Amount spent: Direct or through implementing agency**
4	Rural Sports, Arts & Culture	Rural Area Development	Local Area in which Company is operating	10.00	2.30	2.30	Direct
5	Community Development & Animal Welfare		Local Area in which Company is operating	42.00	37.36	37.36	Direct
6	Community Health	Preventive measures for COVID -19	Local Area in which Company is operating	-	0.23	0.23	Direct
			TOTAL	**105.00**	**105.21**	**105.21**	

6. The Company has spent the prescribed amount for CSR during the year 2019-20.
7. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Managing Director

Chairperson, CSR Committee

Annexure 2

Form No. AOC - 2

(Pursuant to Clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and
Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 which were not at arm's length basis during the year ended March 31, 2020.

2. Details of material contracts or arrangements or transactions at arm's length basis:

There were no material contracts / arrangements or transactions entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013. However, the Company has entered into transactions with related parties at arm's length, the details of which are given in the notes to financial statements.

For and on behalf of the Board of Directors,

N. Suresh Krishnan
Managing Director

K. Prabhakar Rao
Director - Works

June 12, 2020

Annexure 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mangalore Chemicals and Fertilizers Limited,
Bengaluru-560001

We have conducted the Secretarial Audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by **Mangalore Chemicals and Fertilizers Limited having CIN: L24123KA1966PLC002036** (herein after called the company). Secretarial Audit was conducted in a manner that provided us the reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion the Company has, during the audit period covering the Financial year ended on 31st March 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31st March 2020, according to the provisions of:

I. The Companies Act, 2013 (the Act) and the Rules made there under;

II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

IV. Foreign Exchange Management Act, 1999 and the Rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act').

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

d) SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015. (LODR Regulations) including the requirements with regard to the disclosure of information on Company's website and other disclosure and reporting requirements to the Stock Exchanges during the Financial Year

There were no occasions during the financial year requiring specific compliance under the provisions of the following Regulations and Guidelines:-

e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended till date;

f) The Securities and Exchange Board of India (Share Based Employees Benefits) Regulations, 2014, as amended till date;

g) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended till date;

h) The Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009; and

i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, as amended till date;

VI. We further report that based on the information and explanations, and the records maintained, the Company has, in our opinion, complied with the provisions of:

1. **Industry Specific Laws**

a) The Fertilizers (control) Order, 1985

b) The Fertilizers (Movement Control) Order, 1973

c) Essential Commodities Act, 1955

d) The Competition Act, 2002

e) The Environmental Protection Act, 1986

f) The Water (Prevention and control of Pollution) Act, 1974.

g) The Air (Prevention and control of Pollution) Act, 1981.

h) The Hazardous Waste (Management and Handling) Rules, 1989.

i) Legal Metrology Act, 2009

j) Prevention of Food Adulteration Act, 1954 read with Rules made there under

2. **General Laws**

k) Industrial and Labour laws as applicable to the Company

l) The Factories Act, 1948

m) Indian Boilers Act, 1923

n) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

We further report that the Company has developed and implemented adequate systems and processes which are in place to monitor and ensure compliances with the General Laws mentioned above and the same is commensurate with its size and operations, to effectively ensure compliance with applicable laws, rules, regulations and guidelines.

We have also examined compliance with respect to:

(i) The Secretarial Standards SS-1 and SS-2 issued by the ICSI and as notified by the Ministry of Corporate Affairs and report that the Company has generally complied with the said Standards.

(ii) The Listing Agreement/s entered into by the Company with the BSE Limited and The National Stock Exchange of India Limited (NSE) and report that the Company has complied with the same.

We further report that during the said Financial Year, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc., mentioned in the foregoing paragraphs.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the Composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all the Directors to schedule the Board/committee Meetings, agenda and detailed notes on agenda was sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Sub committee's of Board reconstituted during the financial year by following necessary provisions governing the same. Majority decisions were carried through by the Board at its meetings and minutes of meetings are self-explanatory with regard to dissenting member's views, if any.

There are alos processes and adequate procedures in place for minimizing exposure to risks which may threaten the very existence of the Company. The Company has generally complied with the requirements of the provisions governing Corporate Social Responsibility.

We further report that during the Financial Year there were no significant events/actions, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Place: Bengaluru
Date: 2nd June, 2020
UDIN No. F003031B000310932

Note: *This report is to be read with our letter of even date which is annexed as "Annexure A" and forms an integral part of this report.*

'ANNEXURE-A'

To,
The Members,
Mangalore Chemicals and Fertilizers Limited,
Bengaluru-560001

My report (2019-20) of even date is to be read along with this letter.

1. Secretarial Audit was conducted using Information Technology tools and on a random test check basis which was necessitated in view of the prevailing COVID-19 circumstances and in compliance of directions of the State Government as per Para 3 of the ICSI Guidance dated 4th May 2020.
2. Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
3. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, we followed provide a reasonable basis for my opinion.
4. I have not verified the correctness and appropriateness of any of the financial records and Books of Accounts of the Company including the records pertaining to Goods and Service Taxes, Income Tax, Customs and other related enactments applicable to the Company.
5. Wherever required, I have obtained Management Representation about the compliance of laws, rules and regulations and happening of events etc.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place: Bengaluru
Date: 2nd June, 2020
UDIN No. F003031B000310932

Annexure 4

Conservation of Energy, Research and Development & Technology Absorption, Foreign exchange earnings and outgo

Conservation of Energy

A. Power and Fuel Consumption

Sl. No	Description	Unit	Current Year 2019-20	Previous Year 2018-19
1.	**Electricity**			
	A. Purchased Units	Lakh kwh	143.75	116.94
	Total Amount (Including minimum demand charges)	₹ lakh	1,223.40	1,012.10
	Minimum Demand Charges	₹ lakh	149.94	143.31
	Unit Rate: (Excluding minimum demand charges)	₹ /kWh	7.47	7.43
	B. Own Generation			
	a. Through Generator Units	Lakh kwh (Net)	2,387.30	2,246.83
	Units per litre of furnace oil	kwh/l	4.212	4.146
	Unit Cost	₹/kwh	10.14	10.49
	b. Through Solar Power	Lakh kwh (Net)	3.21	0.76
2.	**Furnace Oil**	**Kl**	56,681.03	54,189.15
	Total Amount	₹ lakh	18,965.73	19,579.90
	Average Rate	₹/kl	33,419.45	36,132.51

B. Consumption per unit of Production

Products (with details)	Unit	Current Year 2019-20	Previous Year 2018-19
Electricity - UREA	Kwh	625.00	654.92
- DAP	Kwh	38.70	40.20
- 20:20:00:13	Kwh	37.90	38.50
Furnace Oil - UREA	kl	0.044	0.042
- DAP	kl	0.004	0.004
- 20:20:00:13	kl	0.006	0.006

Research and Development & Technology Absorption

A. Research and Development

1. Specific areas in which R&D were carried out by the Company :
   1. Following New products were developed in-house and were under field trials in different locations:
      100% WSF 28:28:0, 10:40:15 with value addition
   2. Sugarcane Basal, Banana Basal (state grades of Tamil Nadu)
   3. Screening of environment-friendly microbial inoculants for use in plant protection and nutrition.
   4. Following sourced products were under field trials in different locations: Kingenta, Hifield-AG Chem and Geolife Agritech.
   5. Region-Crop-Product Mix, Crop Informatics, Product Literatures, Crop Schedules and Fertigation Schedules were developed and circulated.
2. Benefits derived as a result of the above R&D :
   1. Increased product portfolio in Specialty Plant Nutrition (SPN) segment
   2. Easy access to highly specialized global products within SPN product basket
   3. Increased fertilizer use efficiency
3. Future plan of action : Development of state & crop specific specialty products and Crop Specific Blends, finding out new application techniques for existing products, screening of highly specialized products globally available, development of application schedule for company products
4. Expenditure on R&D : No separate account is maintained.

B. Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation : Ammonia plant is being revamped to reduce specific energy consumption. New Syngas Compressor of higher efficiency, Low Energy CO2 stripping process, new additional Ammonia Converter, additional heat recoveries are being implemented under this project.
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution : Cost of Ammonia/Urea production will reduce due to reduction in specific energy consumption.
3. In case of imported technology following information may be furnished. : Not applicable

Foreign Exchange earnings and outgo during 2019-20

Foreign Exchange earned : ₹ 0.53 crore

Foreign Exchange used : ₹ 1,267.37 crore

Annexure 5

Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON THE CODE OF CORPORATE GOVERNANCE

The philosophy of the Company on Corporate Governance is aimed at safeguarding and adding value to the interests of various stakeholders and envisages attainment of the highest levels of transparency and accountability in all areas of its operations and interactions with its stakeholders.

2. BOARD OF DIRECTORS

The Board of Directors with an optimum combination of executive, non-executive and Independent Directors meets at regular intervals.

During the year, five Board Meetings were held on May 14, 2019, August 12, 2019, October 22, 2019, November 13, 2019 and February 04, 2020.

Attendance of each Director at the Board of Directors' meetings and at the previous Annual General Meeting along with the number of other companies and committees where the Director is a Chairman/Member is given hereunder:

Name of Director	Category^	Skills/expertise/ competence	No. of Directorships in other companies as on 31-03-2020*	No. of Board Meetings Attended	No. of shares held	Attendance at previous Annual General Meeting	No. of Board Committees of other companies** as on 31-03-2020		Directorship in other Listed entity	
							Chairman	Member	Name	Category^
Akshay Poddar	Promoter / NED	Honors in Accounting and Finance from London School of Economics and Political Science, University of London. Promoting and managing businesses in diversified industries like fertilizers, agri-inputs, heaving engineering, sugar, consumer products, real estate, investments and furniture etc.	16	05	10,62,644***	No	01	02	Adventz Securities Enterprises Ltd.	NED
									Texmaco Infrastructure & Holdings Ltd.	NED
									Texmaco Rail & Engineering Ltd.	NED
									Zuari Agro Chemicals Ltd.	NED
Arun Duggal	Chairman / ID	IIT, Delhi, IIM, Ahmedabad. An expert in international finance and has had over 26 years of experience with Bank of America, in USA, Hong Kong and Japan.	04	04	2,55,968	Yes	-	04	ICRA Ltd.	Chairman / ID
									ITC Ltd.	ID
N. Suresh Krishnan	MD	B.E. (Hons.) & M.Sc. from BITS (Pilani), 29 years of corporate experience in fertilizer, energy and cement sectors and has been widely acknowledged for his leadership, vision and commitment. His experience spans corporate finance, corporate strategy, projects planning, operations and business development	06	05	Nil	Yes	01	02	Zuari Agro Chemicals Ltd.	NED
									Gobind Sugal Mills Ltd.	NED
K. Prabhakar Rao	WTD	BE (Chemical), Has handled functions of production, maintenance, quality control, technical services, projects, safety and logistics	-	05	Nil	Yes	-	-	-	-

Name of Director	Category^	Skills/expertise/ competence	No. of Directorships in other companies as on 31-03-2020*	No. of Board Meetings Attended	No. of shares held	Attendance at previous Annual General Meeting	No. of Board Committees of other companies** as on 31-03-2020		Directorship in other Listed entity	
							Chairman	Member	Name	Category^
Sunil Sethy	NED	Fellow member of ICAI, a finance professional having over 40 years of experience in Finance discipline and 12 years as MD / CEO	02	03	Nil	Yes	-	-	Zuari Agro Chemicals Ltd.	MD
D. A. Prasanna	ID	IIM, Ahmedabad. has served in executive positions for over 30 years, most of it as CEO, MD, Executive Chairman and grown companies to leadership position in Information Technology, Healthcare, Education and Life Science sectors.	03	04	Nil	Yes	-	-	-	-
Rita Menon	ID	M A (Economics) from Delhi School of Economics, a retired IAS officer of 1975 batch. In her career as IAS officer she has held various positions from Joint Secretary to Secretary at various Central Ministries. Held directorships at various central and private sector undertakings	02	04	Nil	Yes	01	02	-	-
Dipankar Chatterji@	ID	Chartered Accountant by profession and is a senior partner in L B Jha & Co., Chartered Accountants, who are engaged in Consultancy, Audit and Assurance, or Tax and other Compliance Services. He is Vice-President of one of the top 10 B Schools in the country. He was appointed by RBI as a member of the Padmanabhan Committee set up to review RBI's supervision over Banks. He was a member of the Central Council of the Institute of Chartered Accountants of India and Chairman of the Auditing Practices Committee of the Institute of Chartered Accountants of India.	13	03	Nil	Yes	03	04	Hindusthan National Glass & Industries Ltd.	ID
									Zuari Global Ltd.	ID
									Nicco Parks & Resorts Ltd.	ID
									Jagaran Microfin Private Ltd.	ID
									Zuari Agro Chemicals Ltd.	ID

Name of Director	Category^	Skills/expertise/ competence	No. of Directorships in other companies as on 31-03-2020*	No. of Board Meetings Attended	No. of shares held	Attendance at previous Annual General Meeting	No. of Board Committees of other companies** as on 31-03-2020		Directorship in other Listed entity	
							Chairman	Member	Name	Category^
Shashi Kant Sharma$	ID	Retired IAS (1976 batch). He served as the Comptroller and Auditor General (CAG) of India from 23.05.2013 to 24.09.2017. Before that, he was the Defense Secretary, Government of India. He was also the Secretary, Department of Financial Services (Ministry of Finance) and Secretary, Department of Information Technology (Ministry of Telecommunication), in the Government of India. He was the Defense Secretary of India between July 2011 and May 2013. He has masters' degree in Political Science from Agra University (India) and M.Sc. in Administrative Science and Development Problems from the University of York (the UK). In June 2016, he was conferred an Honorary Professorship at Nanjing Audit University, China.	03	01	Nil	Yes	-	03	HDFC Asset Management Company Ltd.	ID
Narendra Mairpady#	ID				NA					

^MD–Managing Director, ID–Independent Director, NED–Non-Executive Director, WTD – Whole Time Director,

#up to 05.04.2019, @ w.e.f. 14.05.2019, $ w.e.f. 12.08.2019

* Includes Directorship in other public and private companies.

** Includes Audit Committee and Stakeholders' Relationship Committee only.

*** Excludes 46,715 shares credited after 31.03.2020.

None of the Directors are related to each other.

Specific skills/expertise/competency identified/required

The following skills/expertise/competencies are identified to be required for the effective functioning of the Company which are currently available with the Directors.

a. **Stragegic skills**

Creation & implemention of effective strategies, ability to think strategically to propose new ideas and future-oriented perspective. Need for clear vision on business models and strategic analysis.

b. **Finance skills**

The ability to analyse key financial statements, critically assess financial viability and performance, contribute to strategic financial planning and oversee budgets.

c. **Regulatory matters**

Understanding of the relevant laws, rules, regulation policies applicable to the organisation/industry/sector and level/status of compliances thereof by the organisation.

d. **Industry / Product related**

Experience & knowledge of the industry and its dynamics.

e. **Risk related**

Identification of key risks including legal and regulatory compliance, and advising on risk mitigation.

f. **Business management**

Experience at an executive level including the ability to evaluate the performance of the senior management, strategic human resource management and industrial relations; oversee large scale organisational change.

g. **Corporate Governance related**

Understanding of the best corporate governance practices, relevant governance codes, and governance structure.

h. **Personal attributes**

Integrity & Ethics, Constructive participation, leadership qualities, innovative thinking and critical analysis.

Independent Directors

a. Familiarization Programme

The Company, in compliance with Regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, formulates programs to familiarize new Independent Directors inducted on the Board with the Company, nature of the industry, business model and their roles and responsibilities. The new Independent Directors appointed by the Company during the year 2019-20 are having rich experience on the roles, rights and responsibilities of Independent Directors. A programme for the new Directors about the nature of the industry and the business model of the Company, which was planned in the last week of March 2020 could not be held due to COVID-19 pandemic. The Company shall arrange the same in due course as and when the normalcy returns.

b. Separate Meeting

A separate meeting of the Independent Directors was held on May 14, 2019 to discuss:

- Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole.
- Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non–Executive Directors.
- Evaluation of the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

c. In the opinion of the Board, the Independent Directors fulfil the conditions specified in the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended, and are independent of the management.

d. During the year, Mr. Narendra Mairpady, Independent Director, resigned before the expiry of his tenure due to his personal reasons. There were no other material reasons other than those mentioned in his resignation.

3. AUDIT COMMITTEE

The terms of reference of the Audit Committee are as given below:

- The Audit Committee shall meet at least 4 times in a year with not more than 120 days gap between two meetings.
- The quorum for the meetings shall be at least 2 Independent Directors and Chairman of the meeting shall be an Independent Director.
- The Audit Committee shall have the powers to investigate any financial activity, seek information from any employee, obtain outside legal or professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.
- The role of Audit Committee and the information that the Audit Committee shall review will be as specified in Section 177 of the Companies Act, 2013 read with rules made thereunder and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Part C of Schedule II.
- The Audit Committee shall review Policy on Related Party Transactions and Whistle-blower Policy on an annual basis.
- The Company Secretary shall act as the secretary to the Audit Committee.

Besides the above, the additional terms of reference of Audit Committee as per the Companies Act, 2013 includes reviewing and monitoring auditor's independence and performance, and effectiveness of audit process; examination of the financial statement and the auditor's report thereon; approval or any subsequent modification of transactions of the Company with related parties; scrutiny of inter-corporate loans and investments; valuation of undertakings or assets of the Company, whenever it is necessary.

During the year, five meetings of the Audit Committee were held on May 14, 2019, August 12, 2019, August 27, 2019, October 22, 2019, February 04, 2020.

The composition and the attendance of the members of the Audit Committee is as follows:

Name of the Director	Status	No. of meetings attended
Dipankar Chatterji @	Chairman	04
Arun Duggal	Member	05
D. A. Prasanna	Member	05
Sunil Sethy	Member	04
Rita Menon @	Member	04
Narendra Mairpady #	Member	NA

up to 05.04.2019 @ w.e.f. 14.05.2019

Mr. Dipankar Chatterji is appointed as Chairman and Mrs. Rita Menon as Member w.e.f. 14.05.2019.

4. NOMINATION AND REMUNERATION COMMITTEE

The terms of reference of the Nomination and Remuneration Committee are as given below;

- The Nomination and Remuneration Committee shall meet at such intervals as may be necessary, but at least once in a year, to discharge its functions.
- The quorum for the meetings shall be at least 2 members including at least one Independent Director and Chairman of the meeting shall be an Independent Director.
- The role of Nomination and Remuneration Committee shall be as specified in Section 178 of the Companies Act, 2013 read with rules made thereunder and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Part D of Schedule II.
- The Nomination & Remuneration Committee shall review Nomination and Remuneration Policy and Policy on Board Diversity on an annual basis.
- The Company Secretary shall act as the secretary to the Nomination & Remuneration Committee.

During the year, three meeting of the Nomination and Remuneration Committee was held on May 14, 2019, August 12, 2019 and February 04, 2020.

The composition and the attendance of the members of the Nomination and Remuneration Committee is as follows:

Name of the Director	Status	No. of meetings attended
D. A. Prasanna @	Chairman	03
Arun Duggal	Member	03
Sunil Sethy	Member	02
Dipankar Chatterji	Member	02
Narendra Mairpady #	Member	NA

up to 05.04.2019 @ w.e.f. 14.05.2019

Performance evaluation criteria for Independent Directors

The Nomination and Remuneration Committee has evaluated the performance of every director and the evaluation process was carried out by circulating questionnaires on performance of duties, participation and contribution to the Board and Committees.

5. REMUNERATION OF DIRECTORS

The Company did not have any pecuniary relationship or transaction with any Non-executive Directors during the year 2019-20.

Remuneration by way of sitting fees was paid to the Non-Executive Directors during the financial year ended March 31, 2020 for attending the meetings of the Board and the Committees. Payment of remuneration to the Managing Director and Whole-Time Director was as recommended by the Nomination & Remuneration Committee and approved by the Board of Directors and Shareholders.

The details of the remuneration to the Directors is given below. (₹ in lakhs)

Name of the Director	Salary	Sitting fees	Perquisites	Stock Options	Bonus	Retirement benefit	Terms of service contract
Arun Duggal	Nil	4.05	Nil	Nil	Nil	Nil	Appointment as Independent Director for a period of 5 years w.e.f. 29.09.2015
N. Suresh Krishnan	116.64	Nil	Nil	Nil	Nil	Nil	Appointment as MD for a period of 5 years w.e.f. 01.01.2016. Termination with 6 months' notice by either party
Akshay Poddar	Nil	2.50	Nil	Nil	Nil	Nil	Director liable to retire by rotation

Name of the Director	Salary	Sitting fees	Perquisites	Stock Options	Bonus	Retirement benefit	Terms of service contract
Sunil Sethy	Nil	3.10	Nil	Nil	Nil	Nil	Director liable to retire by rotation
Rita Menon	Nil	4.20	Nil	Nil	Nil	Nil	Appointment as Independent Director for a period of 3 years w.e.f. 29.07.2017
D. A. Prasanna	Nil	5.05	Nil	Nil	Nil	Nil	Appointment as Independent Director for a period of 5 years w.e.f. 06.05.2016
K. Prabhakar Rao	70.98	Nil	10.72	Nil	19.73	13.61	Appointment as Director - Works for 3 years w.e.f 01.08.2017. Termination with 6 months' notice by either party
Dipankar Chatterji	Nil	3.10	Nil	Nil	Nil	Nil	Appointment as Independent Director for a period of 3 years w.e.f. 14.05.2019
Shashi Kant Sharma	Nil	0.50	Nil	Nil	Nil	Nil	Appointment as Independent Director for a period of 3 years w.e.f. 12.08.2019

6. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The terms of reference of the Stakeholders' Relationship Committee are as given below;

- The Stakeholders Relationship Committee shall meet at such intervals as it may be necessary, but at least once in a year, to discharge its functions.
- The quorum for the meetings shall be at least 2 members.
- The Chairman of the meeting shall be a Non-executive Director and he shall be present at the Annual General Meeting.
- The role of Stakeholders Relationship Committee shall be as specified in Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Part D of Schedule II.

During the year, two meetings of the Stakeholders' Relationship Committee were held on May 14, 2019 and August 12, 2019.

The composition and the attendance of the members of the Stakeholders' Relationship Committee is as follows:

Name of the Director	Status	No. of meetings attended
D. A. Prasanna @	Chairman	02
Rita Menon @	Member	02
Dipankar Chatterji @	Member	01
N. Suresh Krishnan	Member	02
Narendra Mairpady #	Chairman	NA

#up to 05.04.2019. @ w.e.f. 14.05.2019

Mr. D. A. Prasanna is designated as Chairman, Mrs. Rita Menon and Mr. Dipankar Chatterji are appointed as Members w.e.f. 14.05.2019.

Mr. Vijayamahantesh Khannur, Company Secretary is the Compliance Officer.

During the year ended March 31, 2020, the Company has received 05 shareholders' complaints and same are redressed to the satisfaction of the shareholders.

7. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading in the shares of the Company, pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended. The Board has designated the Company Secretary, as the Compliance Officer and authorized the Managing Director to monitor the compliance of the aforesaid regulations.

8. CODE OF BUSINESS CONDUCT AND ETHICS

The Company has in place, a Code of Business Conduct and Ethics for its board members and the senior management, which has been posted on the Company's website. The board and the senior management affirm compliance with the code, annually.

9. GENERAL MEETINGS

The details of location, time and special resolutions passed at the previous three Annual General Meetings given below:

Date	Time	Venue	Special Resolutions Passed
August 27, 2019	12.00 noon	Conference Hall, 1st Floor, UB Tower, UB City, No. 24, Vittal Mallya Road, Bengaluru – 560 001	None

Date	Time	Venue	Special Resolutions Passed
September 06, 2018	12.00 noon	Conference Hall, 1st Floor, UB Tower, UB City, No. 24, Vittal Mallya Road, Bengaluru – 560 001	a. Amendment of Memorandum of Association b. Alteration of Articles of Association c. Approval of borrowing powers as required u/s 180(1)(c) d. Approval for creation of mortgage as required u/s 180(1)(a)
September 25, 2017	10.00 a.m.	Good Shepherd Auditorium Opposite St. Joseph's Pre-University College, Field Marshal K.M. Cariappa Road (Residency Road), Bengaluru – 560 025	None

Special Resolutions passed through Postal Ballot

The Company has not passed any special resolution through Postal Ballot during the year ended March 31, 2020. At present no special resolution is proposed to be passed through postal ballot.

10. MEANS OF COMMUNICATION

The quarterly financial results are normally published in Business Line, an English daily as well as Sanjevani, a vernacular daily. The results are also posted on the Company's website: www.mangalorechemicals.com. The Company doesn't publish any official news release and makes no presentation to institutional investors or to the analysts.

11. GENERAL SHAREHOLDER INFORMATION

a. Annual General Meeting

The Fifty Third Annual General Meeting of the Company will be held on **September 15, 2020 at 11.00 a.m.** through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").

b. Financial Year

Financial Year – April 1 to March 31

Financial reporting during the year 2020-21

Quarter	Declaration of un-audited/audited financial results
Results for the quarter ending June 30, 2020	On or before 14th August 2020 or such prescribed period
Results for the half-year ending September 30, 2020	On or before 14th November 2020 or such prescribed period
Results for the quarter ending December 31, 2020	On or before 14th February 2021 or such prescribed period
Audited Annual Results for 2020-21	On or before May 30, 2021 or such prescribed period

c. **Book closure dates:** September 08, 2020 to September 15, 2020 (both days inclusive)

d. **Dividend payment date:** Within 30 days from the date of approval of shareholders

e. Listing on the Stock Exchanges

The Company's shares are presently listed on the following Stock Exchanges:

BSE Limited (Bombay Stock Exchange)
Phiroze Jeejeebhoy Towers
Dalal Street, MUMBAI – 400 023

National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (E), MUMBAI – 400 051

The Company has paid the annual listing fees to the Stock Exchanges and the custodial fees to NSDL and CDSL for the financial year 2019-20.

f. Stock Code

BSE Limited (Bombay Stock Exchange): 530011

National Stock Exchange of India Limited: MANGCHEFER

International Standard Identification Number (ISIN): INE558B01017

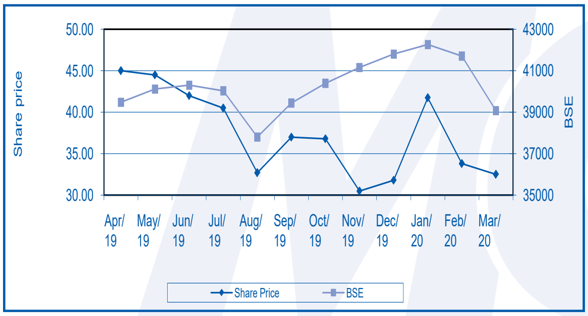
g. Market Price Data

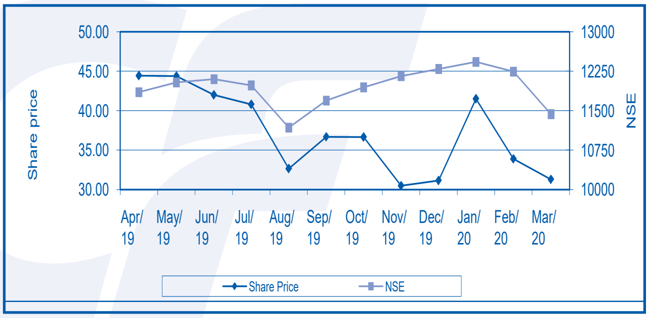
The monthly high and low quotations at BSE (Bombay Stock Exchange) and National Stock Exchange (NSE) during the year under review are given below:

Month & Year	BSE		NSE	
	High (₹)	Low (₹)	High (Rs)	Low (₹)
April 2019	45.00	39.15	44.45	39.05
May 2019	44.50	34.80	44.40	34.50
June 2019	42.00	34.55	42.00	34.40
July 2019	40.50	29.00	40.80	29.20
August 2019	32.70	25.45	32.65	25.20
September 2019	37.00	28.45	36.70	28.40
October 2019	36.80	28.65	36.35	28.15
November 2019	30.50	27.10	30.50	27.65
December 2019	31.80	26.80	31.15	26.40
January 2020	41.75	30.05	41.50	30.10
February 2020	33.80	26.25	33.90	26.05
March 2020	32.50	16.35	31.30	15.20

Source: www.bseindia.com & www.nseindia.com

h. Performance in comparison to BSE Sensex and Nifty 50





Note: Highest traded price of the month is considered for the graph.

i. The securities were not suspended from trading during the year

j. Registrars and Share Transfer Agents

M/s. Cameo Corporate Services Limited, Subramanian Building, No.1, Club House Road, Chennai – 600 002, have been engaged to provide both share transfer as well as dematerialization services.

k. Share Transfer System

The Share Transfers in physical mode above 1000 equity shares are approved by Stakeholders' Relationship Committee.

The Company has authorized the Company Secretary to approve share transfers involving up to 1000 shares with a view to expedite the process of share transfers.

l. Shareholding Pattern as on March 31, 2020

Category	No. of Shareholders	No. of Equity Shares	% of Shareholding
Promoters	08	6,74,08,192	56.88
Banks, FIs, Insurance Companies	271	2,24,436	0.19
Foreign Portfolio Investors	02	1,31,407	0.11
Private Corporate Bodies	328	63,28,923	5.34
Indian Public	43,873	2,12,85,098	17.96
NRIs/OCBs	305	4,93,893	0.41
Others	711	2,26,43,201	19.11
Grand Total	**45,498**	**11,85,15,150**	**100.00**

Distribution of shareholding as on March 31, 2020

	Shareholders	No. of Equity Shares	%
Up to 1000	42,864	90,31,433	7.62
1001 - 5000	2,151	48,33,197	4.08
5001 - 10000	241	18,14,670	1.53
10001 - 20000	109	15,93,700	1.35
20001 - 30000	52	13,31,507	1.12
30001 - 40000	17	6,08,975	0.51
40001 - 50000	10	4,77,495	0.40
50001 - 100000	30	22,08,854	1.87
100001 & above	24	9,66,15,319	81.52
Total	**45,498**	**11,85,15,150**	**100.00**

m. Dematerialisation of shares and liquidity

The Company's equity shares having been mandated for settlement only in dematerialized form by all investors, the Company has signed tripartite agreements with the National Securities Depository Limited [NSDL], the Central Depository Services (India) Limited [CDSL] and Cameo Corporate Services Limited, to offer depository related services to its shareholders. As at March 31, 2020, 97.57% of the equity share capital of the company has been dematerialized. Investors holding physical share certificates are advised to convert their holding to demat form in view of the various advantages associated with demat holding.

n. The Company has not issued GDRs/ADRs/Warrants and Convertible Instruments.

o. Commodity price risk or foreign exchange risk and hedging activities.

During the year, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures. The details of foreign currency exposure are disclosed in Note No. 41 to the Financial Statements.

p. Plant location: Panambur, Mangalore – 575 010

q. Address for Correspondence

Registered Office	Registrars and Transfer Agents
Mangalore Chemicals & Fertilizers Limited Level-11, UB Tower, UB City 24, Vittal Mallya Road Bengaluru - 560 001 Phone : +91 80-4585 5599 Fax: +91 80-4585 5588 Email: shares.mcfl@adventz.com	M/s Cameo Corporate Services Limited, Subramanian Building, No. 1, Club House Road, Chennai – 600 002 Ph. No: +91 44-2846 0395 Fax No: +91 44-2846 0129 Email: investor@cameoindia.com

The Company has designated the email id shares.mcfl@adventz.com for registering investor complaints.

r. Credit ratings

CARE Ratings Limited (CARE), vide its press release dated October 09, 2019, has revised the rating of Long Term Bank Facilities to CARE BBB; Stable (read as Triple B; Outlook: Stable) from CARE BBB+;Stable (read as Triple B plus; Outlook: Stable) and of Long Term/Short Term Bank Facilities to CARE BBB; Stable/CARE A3 (read as Triple B; Outlook: Stable/A Three) from CARE BBB+;Stable/CARE A3+ (read as Tripe B plus; Outlook: Stable/A Three plus).

12. OTHER DISCLOSURES

a. Disclosures on materially significant related party transactions

No transaction of material nature has been entered into by the Company with its Promoters, Directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company. However, please refer to the relevant Notes to the financial statements on related party transactions.

b. Details of non-compliance by the company, penalties, strictures

The Company has complied with all the statutory requirements comprised in the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and there were no penalty/strictures were imposed on the Company by stock exchange(s) or SEBI or any statutory authority, on any matter related to capital markets during the last three years.

c. The Company has a Whistleblower Policy closely monitored by the management. No personnel has been denied access to the Audit Committee.

d. The Company has complied with all the mandatory requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

e. The Company does not have any subsidiary and hence policy on determining material subsidiaries is not applicable.

f. The Board of Directors of the Company, based on the recommendation of the Audit Committee, has approved the Policy on Related Party Transactions and the same is placed on website of the Company www.mangalorechemicals.com.

g. The subsidy mechanism applicable for Urea appropriately recognizes commodity price fluctuations in respect of the required inputs. Similarly, subsidy mechanism under Nutrient Based Subsidy scheme applicable for DAP, MOP and other complex fertilizers and the market realization reflect the fluctuations in the respective commodity prices.

h. The Company has not raised any funds through preferential allotment or qualified institutions placement.

i. Certification from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority is attached to this Report.

j. The Board has accepted all the recommendations of the various committees of the Board, in the relevant financial year.

k. Total fees for all services to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, is given in Note No. 30 to the Financial Statements.

l. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
   i. number of complaints filed during the financial year: Nil
   ii. number of complaints disposed of during the financial year: Nil
   iii. number of complaints pending as on end of the financial year: Nil

m. The Company has adopted para C, D and E of Part E of Schedule II of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

n. The Company has complied with the corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

o. There are no shares in the demat suspense account or unclaimed suspense account.

Declaration regarding compliance with Company's Code of Business Conduct and Ethics

I, N. Suresh Krishnan, Managing Director of Mangalore Chemicals & Fertilizers Limited hereby declare that all board members and senior management team have affirmed compliance of the Code of Business Conduct and Ethics for the financial year ended March 31, 2020.

N. Suresh Krishnan
June 12, 2020 Managing Director

CERTIFICATES UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To the Members
Mangalore Chemicals &Fertilizers Limited,

I have examined the compliance of conditions of Corporate Governance by the Mangalore Chemicals &Fertilizers Limited("the Company") for the year ended March 31,2020 as per the relevant Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as referred to in Regulation 15(2)therein.

The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of our information and according to the explanation given to me, I certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015.

I further state that none of the directors on the Company have been debarred or disqualified from being appointed or continuing as director of the Company as per the requirement of by SEBI/Ministry of Corporate Affairs or any such statutory authority.

I hereby state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

S. Kedarnath
FCS No. 3031
CP No.4422
UDIN No: F003031B000293112

Place: Bengaluru
Date: 28th May, 2020

Annexure 6

Management Discussion and Analysis

Industry Structure and Developments

The Company has one major business segment, viz. Fertilizers. It manufactures both Nitrogenous and Phosphatic fertilizers and is the only manufacturer of fertilizers in the state of Karnataka. About 65% of the Company's products are sold in the state of Karnataka, which meets about 13% of the needs of the farmers in the State. The Company maintains a good share of the market in Kerala and a modest share in the neighbouring states of Tamil Nadu, Andhra Pradesh, Telangana and Maharashtra.

Threats and Opportunities

The Company had filed writ petition before the Hon'ble High Court of Delhi seeking remedy against some restrictive & discriminatory conditions imposed by the Notification No.12018/4/2014-FPP dated June 17, 2015 which allowed continuation of production of urea by 3 Naphtha based units (MFL – Manali, MCFL – Mangalore and SPIC – Tuticorin) till these plants get assured supply of gas either by gas pipeline or any other means. The writ petition was disposed since the GOI confirmed that the Company would be eligible for the benefits as are available to other manufacturers of Urea who have converted their manufacturing processes to gas based and are now utilizing gas for production of Urea.

The GOI issued Notification No.12012/1/2015-FPP dated March 28, 2018 confirming the availability of benefits to the Company for having converted its manufacturing process to gas based on receipt & use of gas for production of Urea and continuation of existing policy till March 2020. The Company is engaging with GOI for continuation of the existing policy till the gas supply is made available.

The Nutrient Based Subsidy Scheme (NBS) was introduced by the GOI with effect from April 1, 2010 after de-controlling the DAP/ complex fertilizers, where annual/bi-annual concession rates are announced in advance leaving the market realization to reflect the fluctuations in respective commodity prices. However, the GOI is monitoring the market realization.

From January 2018, the GOI has rolled out Direct Benefit Transfer (DBT) for payment of subsidy on sale by the retailers on pan India basis after pilot studies in some selected districts of various States, as against the earlier system of payment of subsidy on receipt basis into the respective districts and sales thereafter. DBT roll out resulted in delayed payment of subsidy which would follow the vagaries of agro climatic conditions, leading to elongated working capital cycle. The delay in payment of subsidy caused by DBT, higher subsidy demand due to higher commodity prices and rupee depreciation coupled with inadequate budgetary subsidy allocation would contribute to higher working capital requirement and resultant higher finance cost.

Future Outlook

The demand for both Nitrogenous & Phosphatic fertilizers in India is increasing steadily and expected to grow at a compounded annual rate of about 3%. With the domestic production almost stagnant and the demand increasing, the supply deficit has to be met from imports. The Company has planned to import substantial quantity of fertilizers to meet the growing demand and has also finalized supply arrangements with certain local manufacturers of fertilizers, to augment total fertilizer availability in our marketing territory through our own marketing channel.

The continued focus on Specialty Plant Nutrition business and this segment is poised for growth given the enormous potential. Crop Protection Chemical business is also growing. The growth momentum is expected to increase going forward.

Financial and Operational Performance

a) Production Performance

Production of 3,79,500 MTs of Urea, 2,93,388 MTs of Complex fertilizers [DAP/NP] and 14,198 MTs of Ammonium Bi-Carbonate was achieved during the year.

b) Operating Results

The revenue from operations for the year ended March 31, 2020 was ₹ 2,710.84 crores as compared to ₹ 3,073.64 crores for the year ended March 31, 2019.

The profit before tax for the year ended March 31, 2020 was ₹ 70.44 crores as compared to ₹ 50.14 crores for the year ended March 31, 2019. Total Comprehensive Income stood at ₹ 64.71 crores for the year ended March 31, 2020 compared to ₹ 32.12 crores for the previous year.

The financial results of the Company were better primarily on account of higher production of Urea besides operational effeciency during the year compared to previous year.

c) Resource Utilization

The gross fixed assets and capital work-in-progress as at March 31, 2020 were ₹ 834.87 crores as compared to ₹ 785.20 crores in the previous year.

d) Working Capital

Net working capital as on March 31, 2020 was ₹ 84.02 crores.

Risks and Concerns

Due to any changes in Fertilizer policy, Urea production may get curtailed. Possible non-availability of raw materials & fertilizers and their rising prices for non-urea fertilizers are matters of concern. Roll out of DBT, continued under provisioning for fertilizer subsidy in the Union Budget, and resultant unusual delay in subsidy payment by Govt. of India would contribute to precarious working capital position which could impact production and increased finance costs. Considering the Company's plans for higher imports, depreciation of Indian rupee against the US dollar can adversely affect profitability. Increase in operating costs, mainly finance costs on working capital etc. may adversely affect profitability.

Internal Control Systems

Adequate internal control procedures are in place across various functions in the Company. The Company has migrated from SAP ECC 6.0 with EHP 8.0 version to the new SAP S/4 HANA (high-performance analytic appliance) version and GRC software, which have higher controls in place.

In addition, Internal Auditor reviews the internal control measures on an ongoing basis, whose reports are reviewed by the Audit Committee.

Human Resources and Industrial Relations

The Company continues to focus on employee training and development and had organized several technical and other soft skills training programs across levels. The Company constantly reviews/revises its policies and practices to stay aligned with the best in the industry.

The total strength of regular employees at the end of the year was 709.

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Annexure 7

Business Responsibility Report

Mangalore Chemicals & Fertilizers Limited (MCFL) presents its 'Business Responsibility Report' (BRR), as mandated by Securities and Exchange Board of India (SEBI), and in line with the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVGs), as released by the Ministry of Corporate Affairs in July 2011. The report has been prepared as prescribed and in accordance with Regulation 34 of the SEBI (LODR) Regulations, 2015.

Section A : General Information about the Company

1	Corporate Identity Number (CIN) of the Company	L24123KA1966PLC002036
2	Name of the Company :	Mangalore Chemicals & Fertilizers Limited
3	Registered address :	Level 11, UB Tower, UB City, No.24, Vittal Mallya Road, Bengaluru – 560 001
4	Website :	www.mangalorechemicals.com
5	E-mail id :	shares.mcfl@adventz.com
6	Financial Year reported	2019-20
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacture, sale & trade in Fertilizers and Chemicals
8	List three key products/services that the Company manufactures/ provides (as in balance sheet)	Urea, Di-Ammonium Phosphate (DAP) & Muriate of Potash
9	Total number of locations where business activity is undertaken by the Company :	6
	(a) Number of International Locations (Provide details of major 5) :	NIL
	(b) Number of National Locations	6
10	Markets served by the Company	Karnataka, Kerala, Tamil Nadu, Andhra Pradesh, Telangana & Maharashtra

Section B: Financial Details of the Company

1	Paid up Capital (INR)	118.55 Crore
2	Total Turnover (INR)	2,710.84 Crore
3	Total profit after taxes (INR)	64.55 Crore
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	1.63%
5	List of activities in which expenditure in 4 above has been incurred	Through its CSR projects, the Company reaches out to the deprived communities to bring about a change in their lives. The various activities carried out are : a. Healthcare including Project Eye Care, Human & Animal health camps b. Education including helping schools for special children c. Sports, Arts & Culture including rural sports & national recognized sports d. Community Development including development of rural area and assistance to tribal community.

Section C : Other Details

1	Does the Company have any Subsidiary Company/Companies?	No
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	NA
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]:	Our suppliers are not directly involved with the Responsible Business initiatives.

Section D : BR Information

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

1	DIN Number	00021965
2	Name	Mr. N Suresh Krishnan
3	Designation	Managing Director

(b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	00021965
2	Name	Mr. N Suresh Krishnan
3	Designation	Managing Director
4	Telephone number	01244827812
5	e-mail id	skrishnan@adventz.com

2. Principle-wise (as per NVGs) BR Policy/policies

Names of principles:

P1 – Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

P2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle

P3 – Businesses should promote the well-being of all employees

P4 – Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

P5 – Businesses should respect and promote human rights

P6 – Businesses should respect, protect, and make efforts to restore the environment

P7 – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

P8 – Businesses should support inclusive growth and equitable development

P9 – Businesses should engage with and provide value to their customers and consumers in a responsible manner

(a) Details of compliance (Reply in Y/N)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national/international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	The following policies relevant to external stakeholders are hosted on Company's website-www.mangalorechemicals.com under Investors-Policies Policy on prevention of Sexual Harassment at workplace, Whistle-blower Policy, Nomination and Remuneration Policy, Code of Fair disclosure of unpublished price sensitive information, Code of Business Conduct and Ethics, Archival Policy, Policy on Board Diversity, CSR Policy, Code of conduct and Ethics for employees of the Company, Policy on determination of materiality of event', Policy on preservation of documents, Risk Management Policy, Related Party Transactions & Code of Conduct to Regulate, Monitor and report Trading In Securities of the Company https://www.mangalorechemicals.com/investor/policies/								

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Company's policies are not audited/evaluated by external agencies. However, as a good corporate practice, the policies are reviewed by various committees of the Board of Directors and the Board of Directors reviews, amends the policies on periodical basis to incorporate statutory and business requirements								

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options):

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	Not Applicable								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

3. Governance related to BR

- **Frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company**

  The Board of Directors discuss the Business Responsibility Report annually and it reviews Safety, Health & Environment performance on quarterly basis as part of quarterly board meetings for financial results. CSR Committee discusses the CSR activities & annual report thereon on an annual basis.

- **Publication of BR or a Sustainability Report and its frequency**

  This is the first Business Responsibility Report of the Company and it forms part of the Company's Annual Report for the financial year 2019-20. The same can be accessed at www.mangalorechemicals.com.

Section E : Principle-wise performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

   Yes. The Company is committed to ethical and lawful business conduct and perceives it as critical to the Company's success. The Code of Conduct and Business Ethics prescribes that the Directors and Employees shall act with integrity, probity, honesty, transparency and with utmost good faith in performing their duties & functions.

   The Code applies to all Directors, officers and employees of the Company and not to Group/Joint Ventures/Suppliers/Contractors/NGOs/Others.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

   During the reporting period, no complaint was received.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List of 3 products or services whose design has incorporated social or environmental concerns, risks and/or opportunities
    - Mangala Urea (Neem coated);
    - Mangala DAP;
    - Speciality mixture of plant nutrients - Water soluble Fertilizers like Mangala 19:19:19, Micro nutrient mixtures like Mangala Borosan etc.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

    Supply of Neem coated urea increases nitrogen use efficiency by delaying nitrification process, thus reducing requirement of Urea per unit of agricultural land.

    Use of water soluble Fertilizers and micro nutrient mixtures in fertigation reduces the dependence on bulk fertilizers due to its higher fertilizer use efficiency and thus advocating balanced use of fertilizer.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

    Yes.

    (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

    All bulk raw materials namely Naphtha, phosphoric acid, ammonia, sulphur used as input for manufacturing chemicals and fertilizers are sourced sustainably by transporting through authorized handling & transportation agencies/contractors. The raw materials transported are safe handled with extreme care to prevent any spillage.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

    Yes. The Company procures goods and services from local & small producers on need to procure basis.

    (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

    No specific steps for improving capacity and capability of local & small vendors. However, public awareness programmes on safe handling of goods are conducted periodically.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

    The Company has mechanism and facility to recycle its fertilizers in its production plants, in case of any spillage during storage/handling. The Company has implemented "Reduce, Reuse, Recycle" concept for effective waste management. The wastes like spent catalyst & used/waste oil, which are categorized as hazardous waste, are collected separately and sent to CPCB/KSPCB authorized recyclers. These wastes are transported to the recyclers through authorized transporters. The sludge from waste water recovery plant is reused as filler in DAP plant after drying. The sulphur cake generated in Sulphuric acid plant and gypsum waste generated in Sulphonated Naphthalene Formaldehyde plant are reused as filler in DAP plant.

Principle 3: Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees:

    Total number of employees as on March 31, 2020 is 709.

2. Please indicate the total number of employees hired on temporary/contractual/casual basis:

    Total number of employees hired on temporary/contractual/casual basis as on March 31, 2020 is 527

3. Please indicate the Number of permanent women employees

    The number of permanent women employees is 18.

4. Please indicate the Number of permanent employees with disabilities

    The number of permanent employees with disabilities is NIL

5. Do you have an employee association that is recognized by management

    There is one registered trade union representing workers, by name M.C.F. Mangala Workers Union

6. What percentage of your permanent employees is members of this recognized employee association:

    The percentage of permanent employees who are members of M.C.F. Mangala Workers Union is 1.41%.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the March 31, 2020

No.	Category	No. of complaints filed during 2019-20	No. of complaints pending as on March 31, 2020
1	Child labour/forced labour/involuntary labour	NIL	NIL
2	Sexual harassment	NIL	NIL
3	Discriminatory employment	NIL	NIL

8. What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?
   (a) Permanent Employees: 55%
   (b) Permanent Women Employees: 24%
   (c) Casual/Temporary/Contractual Employees: 63%
   (d) Employees with Disabilities: NA

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized (CSR)

1. Has the company mapped its internal and external stakeholders?

   Yes. The Company has mapped its internal and external stakeholders which include employees, communities surrounding our operations, customers and shareholders.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

   Yes. The Company has identified disadvantaged, vulnerable & marginalized stakeholders from the local community and works towards the uplipftment of socio-economically disadvantaged stakeholders, through CSR activities.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

   Our CSR initiatives makes it a point to focus attention on the disadvantaged segments of the society and directs the CSR efforts to change their lives. People with disability, poor, uneducated people from the rural areas in around our operating areas, especially children, youth and women from these backgrounds are the key beneficiaries of our CSR endeavours. Our CSR specially focusses on education, Sanitation, Health care & Rural development. Details are provided in Annexure 1 to the Directors Report.

Principle 5: Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

   All our operations, functions, people, contractors, supply chain partners are subject to our stance on human rights.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

   No complaint was received pertaining to human rights violation during 2019-20.

Principle 6: Business should respect, protect, and make efforts to restore the environment

Mangalore Chemicals & Fertilizers Ltd. is committed to the Environmental Protection to sustain the pollution free environment and maintain ecological balance. More emphasis is given to safeguard the environment in and around the complex and to ensure that all statutory requirements with respect to Pollution control are complied with. This is achieved by responsible use of natural resources through effective implementation of Integrated Environment and Occupational Health & Safety Management System. MCF is an ISO 14001:2015 and OHSAS 18001: 2007 certified company. Mangalore Chemicals & Fertilizers Ltd. has been awarded the Second Position out of 23 operational urea plants of the country in the Green Rating Project of Indian Urea Fertilizer Industries carried out by the Centre for Science and Environment.

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

   The Safety, Health and Environment Policy covers the Company, contractors and public implementing sustainable development, high safety, health and environmental performance.

2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N.

Yes. The Company is changing its Feedstock and Fuel from Naphtha to cleaner Natural Gas which will significantly reduce Sulphur Dioxide emissions.

3. Does the company identify and assess potential environmental risks? Y/N

   Yes. The Company identifies and assesses potential environmental risks by auditing the operating plants, storage areas through both external Safety Auditing teams and by implementing Integrated Environment and Occupational Health & Safety Management System.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

   Yes. The Company is changing Feedstock and Fuel from Naphtha to cleaner Natural Gas. Environmental Compliance reports to all the Environmental Clearances obtained from MoEF & CC are filed regularly.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N.

   Yes. The Company has installed wastewater treatment and recovery plants with latest technologies for treating the wastewater generated from the process plants. The Company has also upgraded the sewage treatment plant by adapting latest Membrane Bio Reactor (MBR) technology. The Company has achieved the zero liquid effluent discharge status by upgrading the effluent treatment system and reusing the entire treated waste water.

   LED lighting assembly is installed in various places inside factory premises for conservation of energy. Installed "Solar water heater" for our Industrial canteen and street lights at our factory and at our township. The company has developed green belt covering an area of about 64 acres. About 3000 additional saplings are planted every year. The Company has installed Eco-Digester Biogas Plant to convert Canteen Food Waste to generate Biogas in 2020 based on the Waste to Energy concept.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

   The Company has achieved the zero liquid effluent discharge status by upgrading the effluent treatment system and reusing the entire treated waste water. Emissions from stacks are well within the permissible limits given by CPCB/SPCB.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

   Nil

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

The Company works with Fertilizer Association of India (FAI) which is engaged in policy advocacy and also with Chambers of Commerce. The Company is always guided by the principles of commitment, honesty, transparency and balancing stakeholders' interest.

Principle 8: Businesses should support inclusive growth and equitable development (CSR)

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

   Yes. The Company has specified programs in support of inclusive growth and equitable development. We prioritize ensuring continuous and overall improvement in economic, environmental and social performance.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

   In-House team.

3. Have you done any impact assessment of your initiative?

   Our direct involvement at the field level constantly assess, monitor and improve our performance. Our in-house team has directly interacted with the beneficiaries to assess impact of our CSR initiative.

4. What is your company's direct contribution to community development projects – Amount in INR and the details of the projects undertaken?

   ₹ 105 Lakhs and the details are given in CSR Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

   Yes. The community development initiative is part of CSR activity of the Company. The programmes are designed with consultation of stakeholders keeping in mind their needs. Details are provided in Annexure 1 – Annual Report on CSR Activities.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner (MP)

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

   Nil

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)

   The Company makes adequate disclosures about product information as per requirements of the applicable laws.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

   No case filed regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour in the last 5 years.

4. Did your company carry out any consumer survey/consumer satisfaction trends?

   Our Company has not carried any consumer survey/consumer satisfaction trends during 2019-20.

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INDEPENDENT AUDITOR'S REPORT

To

THE MEMBERS OF MANGALORE CHEMICALS AND FERTILIZERS LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Mangalore Chemicals and Fertilizers Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Emphasis of Matter

1. We draw attention to Note 42 to the Ind AS financial statements, which describes the uncertainties and the impact of COVID-19 pandemic on the Company's operations and results as assessed by the management.
2. We further draw attention to Note 8 to the accompanying Ind AS financial statements regarding Goods and Services Tax ('GST') input tax credit on input services recognized by the Company, which the management is confident to recover based on a tax opinion obtained on this matter and reliance placed on an order of the High Court of Gujarat providing interim relief in a similar matter.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Impact of government policies/notifications on recognition of concession income and its recoverability (as described in Note 22 and 10 of the Ind AS financial statements)	
The Company recognises concession (subsidy) income receivable from the Department of Fertilizers, Government of India as per the New Pricing Scheme for Urea and as per Nutrient Based Subsidy Policy for Phosphatic and Potassic fertilizers at the time of sale of goods to its customers. During the current year, the Company has recognised concession income of ₹ 143,053.44 Lakhs and as at 31 March 2020 has receivables of ₹ 110,741.62 Lakhs relating to such income. Further, revenue from urea concession income of ₹ 101,649.26 Lakhs has been recognised during the year ended March 31, 2020. The Company recognises urea concession income from the GOI based on estimates determined as per the GOI notification dated June 17, 2015 and changes, if any, are recognised in the year of finalisation of the prices by the GOI under the scheme.	Our audit procedures included among others, the following: • Read the relevant notifications/policies issued by the Department of Fertilizers to understand the basis and assessed the adequacy of accruals/claims recognised; and adjustments (if any) to accruals/claims already recognised, pursuant to changes in the rates. • Obtained an understanding of the process and tested the design and operating effectiveness of controls as established by the management over revenue recognition and assessment of recoverability of the concession income recoverability. • Evaluated the management's assessment regarding reasonable certainty for complying with the relevant conditions as specified in the aforesaid notifications/policies and collections.

INDEPENDENT AUDITOR'S REPORT

Key audit matters	How our audit addressed the key audit matter
The area of judgement includes certainty around the satisfaction of conditions specified in the notifications and policies, collections and provisions thereof, likelihood of variation in the related computation rates, basis for determination of accruals of concession income and timely recoverability thereof.	• Tested the ageing analysis and assessed the information used by the management to determine the recoverability of the concession income by considering collections against historical trends, • Reviewed the calculation of urea concession income including escalation/de-escalation adjustments as per relevant policy parameters in this regard. • Assessed the disclosures in the Ind AS financial statements in this regard.
Estimates with respect to recognition of Minimum Alternate Tax (MAT) credit entitlement (as described in Note 18 of the Ind AS financial statements)	
The Company has recognised MAT Credit entitlement of ₹ 8,311.60 Lakhs as at March 31, 2020. The recognition of MAT credit involves significant judgement and use of assumptions by the management at the end of each reporting period regarding the likelihood of its realization, in particular whether there would be sufficient taxable profits in future periods to support such recognition. Considering the significant judgements, the matter has been identified as key audit matter.	Our audit procedures included among others, the following: • Assessed the design, implementation and operative effectiveness of management's key internal controls over recognition of MAT credit entitlement. • Discussed and evaluated management's assumptions and estimates like projected revenue growth, margins, etc. including impact of new tax rates as per Taxation Laws (Amendment) Ordinance, 2019) in relation to the probability of generating future taxable income to support the recognition of MAT credit with reference to forecast taxable income and performed sensitivity analysis • Assessed the related disclosures in the Ind AS financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report including its annexures but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are 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 these Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, 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 system 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 management.
- 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 Ind AS 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.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act;

INDEPENDENT AUDITOR'S REPORT

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid/provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act; and

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 35(a) to the Ind AS financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Pravin Tulsyan**
Partner
Membership No.: 108044
Unique Document Identification Number (UDIN):
20108044AAAADN2845

Place of Signature: New Delhi
Date: June 12, 2020

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ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF MANGALORE CHEMICALS AND FERTILIZERS LIMITED

Statement on the matters specified in paragraphs 3 and 4 of the Companies (Auditor's report) Order, 2016 ("the Order")

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management and confirmation from banks relating to title deeds of immovable properties mortgaged with the banks (refer Note 15 and 19 to the accompanying Ind AS financial statements for details) for securing the borrowings raised by the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"). Accordingly, the provisions of clause 3(iii)(a),(b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, provisions of Section 186 of the Act in respect of investments made by the Company have been complied with. The Company has not advanced loans to directors/to a company in which the director is interested to which provisions of Section 185 of the Act apply and has not given loans/guarantees/provided security to which the provisions of Section 186 of the Act apply and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Act, related to the manufacture of fertiliser, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and services tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and services tax, duty of custom, duty of excise, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income tax, sales-tax, service tax, goods and services tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (including interest and penalty) (₹ in Lakhs)	Payment under protest (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income tax	358.04	52.89	FY 2013-14	Income Tax Appellate Tribunal (ITAT)
The Central Excise Act, 1944	Excise duty	5,338.91	23.96	FY 2010-11 to 2015-16	Customs, Excise and Service Tax Appellate Tribunal
Karnataka Value Added Tax Act, 2003	Entry tax	423.44	-	FY 2011-12	The High Court of Karnataka

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF MANGALORE CHEMICALS AND FERTILIZERS LIMITED

Name of the statute	Nature of the dues	Amount (including interest and penalty) (₹ in Lakhs)	Payment under protest (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Customs Act, 1962	Customs duty	360.07	9.17	FY 2011-12 to 2016-17	Customs, Excise and Service Tax Appellate Tribunal
		87.60	-	FY 2016-17	Commissioners of Customs, Nhava Sheva
The Finance Act, 1994	Service tax	15.49	1.06	FY 2012-13 to 2015-16	Customs, Excise and Service Tax Appellate Tribunal
The Andhra Pradesh Goods and Services Tax Act, 2017	Goods and Services Tax	500.13	-	FY 2018-19	Commercial Tax Dept. - Andhra Pradesh

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to banks. The Company did not have any loans or borrowings from financial institution or Government and outstanding dues in respect of debenture holders during the year.

(ix) In our opinion and according to information and explanations given by the management, monies raised by the Company by way of term loans were applied for the purposes for which loans were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Act, where applicable, and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Act.

(xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Pravin Tulsyan**
Partner
Membership No.: 108044
Unique Document Identification Number (UDIN):
20108044AAAADN2845

Place of Signature: New Delhi
Date: June 12, 2020

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF MANGALORE CHEMICALS AND FERTILIZERS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mangalore Chemicals and Fertilizers Limited ("the Company") as of March 31, 2020, in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Ind AS Financial Statements

A company's internal financial controls over financial reporting with reference to these Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting with reference to these Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these Ind AS financial statements to future periods are subject to the risk that the internal financial

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF MANGALORE CHEMICALS AND FERTILIZERS LIMITED

controls over financial reporting with reference to these Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Pravin Tulsyan**
Partner
Membership No.: 108044
Unique Document Identification Number (UDIN):
20108044AAAADN2845

Place of Signature: New Delhi
Date: June 12, 2020

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BALANCE SHEET AS AT MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	60,575.47	61,247.53
Capital work-in-progress	3	4,646.97	3,418.08
Intangible assets	4	177.94	90.41
Intangible assets under development	4	-	39.03
Financial assets			
(i) Investments	5	-	-
(ii) Loans	6	905.05	782.06
(iii) Others	7	20.36	15.29
Income tax assets (net)		23.04	246.73
Other non-current assets	8	4,733.69	1,726.77
		71,082.52	**67,565.90**
Current assets			
Inventories	9	24,611.39	53,872.50
Financial assets			
(i) Investments	5	0.10	-
(ii) Trade receivables	10	144,630.65	156,448.07
(iii) Cash and cash equivalents	11	21,299.40	4,164.72
(iv) Other bank balances	12	1,759.71	796.76
(v) Others	7	4,147.16	890.63
Other current assets	8	12,778.64	8,079.96
		209,227.05	**224,252.64**
Total assets		**280,309.57**	**291,818.54**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	11,854.87	11,854.87
Other equity	14	42,703.38	37,661.32
		54,558.25	**49,516.19**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	15	22,367.98	27,032.32
(ii) Others	16	275.66	546.19
Provisions	17	1,413.75	1,624.64
Deferred tax liabilities (net)	18	869.20	1,755.37
		24,926.59	**30,958.52**
Current liabilities			
Financial liabilities			
(i) Borrowings	19	121,177.78	139,314.13
(ii) Trade payables	20		
Total outstanding dues of micro enterprises and small enterprises		456.29	287.58
Total outstanding dues of creditors other than micro enterprises and small enterprises		57,066.85	50,941.50
(iii) Others	16	17,364.03	17,971.60
Other current liabilities	21	3,567.48	1,782.27
Provisions	17	1,192.30	1,046.75
		200,824.73	**211,343.83**
Total equity and liabilities		**280,309.57**	**291,818.54**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the Ind AS financial statements.

As per our report of even date

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Pravin Tulsyan**
Partner
Membership Number: 108044

Place of Signature : New Delhi
Date : June 12, 2020

For and on behalf of the Board of Directors of Mangalore Chemicals and Fertilizers Limited

N. Suresh Krishnan
Managing Director
DIN : 00021965

K. Prabhakar Rao
Director - Works
DIN : 00898513

T.M. Muralidharan
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary

Date: June 12, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
INCOME			
Revenue from contracts with customers	22	271,084.42	307,363.76
Other income	23	2,321.72	1,203.47
Total income		**273,406.14**	**308,567.23**
EXPENSES			
Cost of materials consumed	24	140,030.22	157,092.20
Purchases of stock-in-trade	25	22,602.71	74,365.48
Change in inventories of finished goods, stock-in-trade and work-in-progress	26	22,056.77	(9,870.88)
Employee benefits expense	27	7,086.26	7,070.62
Finance costs	28	11,147.69	11,101.93
Depreciation and amortisation expense	29	4,537.36	3,877.90
Other expenses	30	58,901.31	59,915.94
Total expenses		**266,362.32**	**303,553.19**
Profit before tax		**7,043.82**	**5,014.04**
Tax expense	31		
Current tax (MAT)		1,483.00	1,268.00
Deferred tax (credit)/charge		(894.50)	458.11
Total tax expense		**588.50**	**1,726.11**
Profit for the year		**6,455.32**	**3,287.93**
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurement gains/(losses) on defined benefit plan		23.83	(116.15)
Income tax effect on above		(8.33)	40.59
Total other comprehensive income/(loss)		15.50	(75.56)
Total comprehensive income for the year		**6,470.82**	**3,212.37**
Earnings per equity share (in ₹) [nominal value per share ₹ 10 (Previous year: ₹ 10)]	32		
Basic		5.45	2.77
Diluted		5.45	2.77
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the Ind AS financial statements.

As per our report of even date

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005
per **Pravin Tulsyan**
Partner
Membership Number: 108044
Place of Signature : New Delhi
Date : June 12, 2020

For and on behalf of the Board of Directors of
Mangalore Chemicals and Fertilizers Limited

N. Suresh Krishnan
Managing Director
DIN : 00021965

K. Prabhakar Rao
Director - Works
DIN : 00898513

T.M. Muralidharan
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary

Date: June 12, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

		Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
A	**Cash flow from operating activities**			
	Profit before tax		7,043.82	5,014.04
	Adjustments to reconcile profit before tax to net cash flows:			
	Depreciation and amortisation expense	29	4,537.36	3,877.90
	Net loss on disposal of property, plant and equipment	30	280.82	325.37
	Allowance for trade receivables and doubtful advances	30	1,257.91	894.23
	Fair value (gain)/loss on financial instruments at fair value through profit or loss		(4,955.93)	3,656.05
	Unrealised foreign exchange differences (net)		4,480.13	(2,207.96)
	Finance costs	28	11,147.69	11,101.93
	Interest income	23	(2,135.01)	(994.26)
	Others	23	-	(9.74)
	Operating profits before working capital changes		**21,656.79**	**21,657.56**
	Movement in working capital:			
	Decrease/(increase) in Inventories		29,261.11	(14,181.64)
	Decrease/(increase) in Trade receivables		10,876.41	(37,979.58)
	(Increase)/decrease in Other financial assets		(620.39)	92.89
	(Increase)/decrease in Other assets		(5,346.29)	5,297.59
	Increase/(decrease) in Trade payables		5,165.59	(562.10)
	Increase in Other financial liabilities		1,388.26	474.59
	Increase in Other current liabilities and provisions		1,743.70	496.32
	Cash generated from/(used in) operations		**64,125.18**	**(24,704.37)**
	Direct taxes paid		(1,259.31)	(1,470.70)
	Net cash flow from/(used in) operating activities (A)		**62,865.87**	**(26,175.07)**
B	**Cash flow from investing activities**			
	Purchase of property, plant and equipment including capital work-in-progress and capital advances		(6,466.08)	(6,537.39)
	Proceeds from sale of property, plant and equipment		-	10.95
	Purchase of investments		(0.10)	-
	Investments in bank deposits (having original maturity of more than three months)		(1,732.31)	(420.00)
	Redemption/maturity of bank deposits (having original maturity of more than three months)		741.21	421.12
	Interest received		993.76	637.02
	Net cash (used in) investing activities (B)		**(6,463.52)**	**(5,888.30)**
C	**Cash flow from financing activities**			
	Proceeds from long term borrowings		515.29	11,986.56
	Repayment of long term borrowings		(5,265.11)	(3,235.35)
	(Repayment of)/proceeds from short term borrowings (net)		(21,296.70)	27,711.93
	Finance cost paid		(11,792.39)	(10,070.33)
	Dividend paid to equity shareholders	14	(1,185.15)	(1,185.15)
	Dividend distribution tax paid	14	(243.61)	(243.61)
	Net cash (used in)/flow from financing activities (C)		**(39,267.67)**	**24,964.05**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**17,134.68**	**(7,099.32)**
Cash and cash equivalents at the beginning of the year	11	4,164.72	11,264.04
Cash and cash equivalents at the end of the year		**21,299.40**	**4,164.72**
Components of cash and cash equivalents	11		
Bank balances on current accounts		1,845.77	1,100.23
Bank balances on deposit accounts with original maturity of three months or less		19,451.56	3,060.00
Cheques, drafts in hand		-	2.50
Cash on hand		2.07	1.99
Total cash and cash equivalents		**21,299.40**	**4,164.72**

The summary of changes arising from cash flow and non-cash flow changes in respect of borrowings is as below:

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
Long term borrowings (including current maturities)			
At beginning of the year	15	31,987.57	23,406.84
Cash flow changes		(4,749.82)	8,751.21
Non-cash changes (foreign exchange movement and Ind AS 116 transition adjustments)		2,206.52	(170.48)
At end of the year	15	**29,444.27**	**31,987.57**
Short term borrowings			
At beginning of the year	19	139,314.13	113,257.79
Cash flow changes		(21,296.70)	27,711.93
Non-cash changes (foreign exchange movement)		3,160.35	(1,655.59)
At end of the year	19	**121,177.78**	**139,314.13**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the Ind AS financial statements.

As per our report of even date

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Pravin Tulsyan**
Partner
Membership Number: 108044

Place of Signature : New Delhi
Date : June 12, 2020

For and on behalf of the Board of Directors of
Mangalore Chemicals and Fertilizers Limited

N. Suresh Krishnan
Managing Director
DIN : 00021965

K. Prabhakar Rao
Director - Works
DIN : 00898513

T.M. Muralidharan
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary

Date: June 12, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

a) Equity share capital

Equity shares of ₹ 10 each issued, subscribed and fully paid

	As at March 31, 2020		As at March 31, 2019	
	Nos.	**Amount**	**Nos.**	**Amount**
At the beginning of the year	118,515,150	11,851.52	118,515,150	11,851.52
Changes during the year	-	-	-	-
At the end of the year	**118,515,150**	**11,851.52**	**118,515,150**	**11,851.52**

In addition to above, equity share capital as at March 31, 2020 includes Forfeited Shares (amount paid-up) of ₹ 3.35 Lakhs (March 31, 2019: ₹ 3.35 Lakhs).

b) Other equity

	Capital redemption reserve	General reserve	Retained earnings	Total
	Note 14	Note 14	Note 14	
Balance as at April 1, 2018	480.78	5,385.71	30,011.22	35,877.71
Profit for the year	-	-	3,287.93	3,287.93
Other comprehensive (loss)	-	-	(75.56)	(75.56)
Total comprehensive income	-	-	3,212.37	3,212.37
Cash dividends (Refer Note 14)	-	-	(1,185.15)	(1,185.15)
Dividend distribution tax	-	-	(243.61)	(243.61)
Balance as at March 31, 2019	**480.78**	**5,385.71**	**31,794.83**	**37,661.32**
Balance as at April 1, 2019	480.78	5,385.71	31,794.83	37,661.32
Profit for the year	-	-	6,455.32	6,455.32
Other comprehensive income	-	-	15.50	15.50
Total comprehensive income	-	-	6,470.82	6,470.82
Cash dividends (Refer Note 14)	-	-	(1,185.15)	(1,185.15)
Dividend distribution tax	-	-	(243.61)	(243.61)
Balance as at March 31, 2020	**480.78**	**5,385.71**	**36,836.89**	**42,703.38**

Capital redemption reserve - The said reserve was created by way of transfer from general reserve on redemption of preference shares. This reserve account can be applied in paying up unissued shares to be issued to members of the Company as fully paid bonus shares in accordance with the provisions of the Companies Act, 2013 ("the Act").

General reserve - Under the erstwhile Companies Act, 1956, general reserve was created through transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of the Act, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the requirements of the Act.

The accompanying notes are an integral part of the Ind AS financial statements.

As per our report of even date

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Pravin Tulsyan**
Partner
Membership Number: 108044

Place of Signature : New Delhi
Date : June 12, 2020

For and on behalf of the Board of Directors of
Mangalore Chemicals and Fertilizers Limited

N. Suresh Krishnan
Managing Director
DIN : 00021965

K. Prabhakar Rao
Director - Works
DIN : 00898513

T.M. Muralidharan
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary

Date: June 12, 2020

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

1. Corporate information

Mangalore Chemicals and Fertilizers Limited ("MCF" or "the Company") is a public limited company domiciled in India and incorporated under the provisions of the Indian Companies Act. Its shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The registered office of the Company is located at Level 11, UB Tower, UB City, 24, Vittal Mallya Road, Bengaluru – 560 001, Karnataka, India. The Company is primarily engaged in the manufacture, purchase and sale of fertilisers. The Company has manufacturing facility in India. Information on related party relationships of the Company is provided in Note 38.

The Ind AS financial statements were approved by the Board of Directors of the Company on June 12, 2020.

2. Basis of preparation of Ind AS financial statements

The Ind AS financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013 (Ind AS compliant Schedule III), as applicable. The Ind AS financial statements have been prepared on a historical cost basis, except for assets and liabilities which are required to be measured at fair value. The Ind AS financial statements are presented in Indian Rupees ("INR") and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

The significant accounting policies adopted for preparation and presentation of these Ind AS financial statement have been applied consistently, except for the changes in accounting policy for amendments to the standard that were issued effective for the financial year beginning from on or after April 1, 2019 as stated in Note 2.2.

2.1 Summary of significant accounting policies

(a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- expected to be settled in normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(b) Foreign currencies

The Ind AS financial statements are presented in INR, which is also the Company's functional currency. Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date, the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate, if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income ("OCI") or the statement of profit and loss are also recognised in OCI or statement of profit and loss, respectively).

(c) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the Ind AS financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Ind AS financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations. External valuers are involved, wherever considered necessary.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. This note summarizes accounting policy for fair value and the other fair value related disclosures are given in the relevant notes.

(d) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in its revenue arrangements.

Goods and Service Tax (GST) is not received by the Company on its own account and is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of products

Revenue from the sale of products, including concession receivable from the Government of India under the applicable New Pricing Scheme / Nutrient Based Subsidy Policy, is recognised when control of the products has transferred to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Revenue from the sale of products is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception.

The Company receives short term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

for that good or service will be one year or less.

Concessions in respect of Urea, as notified under the New Pricing Scheme, is recognized with adjustments for escalation/de-escalation in the prices of inputs and other adjustments, as estimated by the management in accordance with the known policy parameters in this regard. Subsidy for Phosphatic and Potassic (P&K) fertilisers is recognized as per the rates notified by the Government of India in accordance with Nutrient Based Subsidy Policy from time to time. Freight subsidy on Urea, Complex fertilisers, etc. is recognized in accordance with the specified parameters and notified rates.

Sale of services

Service income is recognized, on an accrual basis, at agreed rate in accordance with the terms of the agreement.

Interest

Interest income from dealers and others on delayed payments is recognized to the extent the Company is reasonably certain of their ultimate collection.

Other interest income is recognized using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. Interest income is included under the head "other income" in the statement of profit and loss.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A trade receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

(e) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(f) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in OCI or in equity in correlation to the underlying transaction). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities and assets are recognized for all taxable temporary differences and deductible temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside the statement of profit and loss is recognised (either in OCI or in equity in correlation to the underlying transaction).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the Company will pay normal income tax during the specified year, i.e., the year for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

Goods and Service Tax (GST) paid on acquisition of assets or on incurring expenses

When the tax incurred on purchase of assets or services is not recoverable from the taxation authority, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable. Otherwise, expenses and assets are recognized net of the amount of taxes paid. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(g) Property, plant and equipment

Property, plant and equipment, capital work-in-progress is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects, if the recognition criteria are met.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred. Items of stores and spares that meet the definition of Property, plant and equipment are capitalized at cost, otherwise, such items are classified as inventories.

Depreciation is calculated on a straight line basis over the useful lives of the assets, estimated by the management, as follows:

	Useful life (years)
Factory buildings	30
Other buildings (RCC)	60
Other buildings (Non-RCC)	30
Railway sidings	15
Roads, drainage and culverts	5 to 30
Plant and equipment (continuous process plant)	25
Computer equipment	3 and 6
Electrical installations and fittings	10
Office equipment	5
Furniture and fixtures	10
Cranes and locomotives	15
Vehicles	8 and 10

For the purpose of depreciation calculation, residual value is determined as 5% of the original cost for all the assets, as estimated by the management basis independent assessment by an expert. The Company, based on assessment made by technical expert and management estimate, depreciates following assets, not included above, over the estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives reflect fair approximation of the period over which the assets are likely to be used.

(i) The useful lives of components of certain plant and machinery and equipment are estimated as 5 to 20 years.

(ii) Insurance/capital/critical stores and spares are depreciated over the remaining useful life of related plant and equipment or useful life of insurance/capital/critical spares, whichever is lower.

(iii) The useful lives of certain vehicles are estimated as 4 years.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

Leasehold land is amortized on a straight line basis over the period of lease.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of profit and loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as finite.

Intangible assets are amortized over the useful economic life and assessed for impairment, whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognized in the statement of profit and loss, unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Research costs are expensed as incurred. Development expenditures are recognised as intangible asset when the Company can demonstrate its technical feasibility, intention to complete, its ability and intention to use or sell the asset, its future economic benefits, availability of resources to complete the asset and ability to measure reliably the expenditure during development.

Following initial recognition, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use.

The computer software is amortised on a straight line basis over the useful economic life of 5 years, as estimated by the management.

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(j) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short term leases and leases of low value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Company's lease liabilities are included in Borrowings.

Short term leases and leases of low value assets

The Company applies the short term lease recognition exemption to its short term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases that are considered to be of low value. Lease payments on short term leases and leases of low value assets are recognised as expense on a straight line basis over the lease term.

The Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(k) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials, packing materials, stores and spares: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Finished goods and Work-in-progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Stock-in-trade: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Materials and other items held for use in the production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost.

Cost is determined on a moving weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(l) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long term average growth rate for the products, industries, or country in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss, unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(m) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(n) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to a reduction in future payment or a cash refund.

Retirement benefit in the form of superannuation fund is a defined contribution scheme. The Company has established a Superannuation Fund Trust to which contributions are made each month. The Company recognizes contribution payable to the superannuation fund scheme as expenditure, when an employee renders the related service. The Company has no other obligations beyond its monthly contributions.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods.

Past service costs are recognized in the statement of profit and loss on the earlier of the date of the plan amendment or curtailment, and the date that the Company recognizes related restructuring costs. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes changes in the net defined benefit obligation which includes service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and net interest expense or income, as an expense in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes.

Such long term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the same is presented as non-current liability.

(o) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is measured at the amortised cost, if both of the following conditions are met:

(i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and

(ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

A 'debt instrument' is classified as FVTOCI, if both of the following criteria are met:

(i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and

(ii) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in OCI. However, the Company recognizes interest income, impairment losses and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as FVTPL. If the Company decides to classify an equity instrument as FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the balance sheet) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure.

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on twelve month ECL. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

The twelve month ECL is a portion of the lifetime ECL which results from default events that are possible within twelve months after the reporting date. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original EIR. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

For recognition of impairment loss on other financial assets and risk exposure, the Company categorizes them into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When financial assets are first recognized, the Company recognizes an allowance based on 12 months ECLs.

Stage 1 financial assets also include facilities where the credit risk has improved, and the financial assets has been reclassified from Stage 2.

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the lifetime ECLs. Stage 2 loans also include facilities, where the credit risk has improved, and the financial assets has been reclassified from Stage 3.

Stage 3: Financial assets considered credit impaired. The Company records an allowance for the lifetime ECLs.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include borrowings, trade and other payables, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification. Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading, unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to the statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

Borrowings is the category most relevant to the Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Reclassification of financial assets and liabilities

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets.

A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date, which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(p) Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments, such as forward currency contracts, currency and interest rate swaps, to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit and loss.

(q) Cash and cash equivalents

Cash and cash equivalents in the balance sheet and cash flow statement comprise cash at banks and on hand and short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(r) Cash dividend to equity holders

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

(s) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. The Company does not recognize a contingent liability but discloses its existence in the Ind AS financial statements.

(t) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(u) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company), whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Operating segments of the Company are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

(v) Significant accounting judgements, estimates and assumptions

The preparation of the Ind AS financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

The Company bases its assumptions and estimates on parameters available when the Ind AS financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The judgements, estimates and assumptions management has made which have the most significant effect on the amounts recognized in the Ind AS financial statements are as below:

Revenue from contracts with customers

Concessions in respect of urea, as notified under the New Pricing Scheme, is recognized with adjustments for escalation/deescalation in the prices of inputs and other adjustments, as estimated by the management in accordance with the known policy parameters in this regard. The Company recognises urea concession income from the Government of India ("GOI") based on estimates as per the GOI notification dated June 17, 2015 and changes, if any, are recognised in the year of finalisation of the prices by the GOI under the scheme.

Also, the Company determines and updates its assessment of expected rebates periodically and the accruals are adjusted accordingly. Estimates of expected rebates are sensitive to changes in circumstances and the Company's past experience regarding these amounts may not be representative of actual amounts in the future.

Determining the lease term of contracts with renewal and termination options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Property, plant and equipment

The depreciation of property, plant and equipment is derived on determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time of acquisition of asset and is reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life.

Impairment of financial and non-financial assets

Significant management judgement is required to determine the amounts of impairment loss on the financial and non-financial assets. The calculations of impairment loss are sensitive to underlying assumptions.

Tax provisions and contingencies

Significant management judgement is required to determine the amounts of tax provisions and contingencies. Deferred tax assets are recognised for unused tax losses and MAT credit entitlements to the extent it is probable that taxable profit will be available against which these losses and credit entitlements can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer Section 2,2 for application of Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments while performing the determination of taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates, for uncertainty over income tax treatments.

Defined benefit plans

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuation. An actuarial valuation involves various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using internal valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2.2 Changes in accounting policies and disclosures

The Company applied Ind AS 116 for the first time for the year ended March 31, 2020. Several other amendments and interpretations, as below, have been applied for the first time for the year ended March 31, 2020, but these

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

do not have any material impact on the Ind AS financial statements. The Company has not early adopted any standards or amendments that have been issued but are not yet effective as at year end.

Ind AS 116 Leases

Effective April 1, 2019, the Company has adopted Ind AS 116 on Leases which replaces Ind AS 17 on Leases, including appendices thereto. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on balance sheet model similar to the accounting for finance leases under Ind AS 17. The Company has used the modified retrospective approach for transition to Ind AS 116 and consequently comparatives for previous year have not been restated. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short term leases), and lease contracts for which the underlying asset is of low value (low value assets).

This has resulted in recognition of right-of-use assets and corresponding lease liabilities of ₹ 2,015.20 Lakhs as at April 1, 2019. Right-of-use assets are depreciated over the lower of useful life of the asset or the lease term and interest on lease liabilities is recognized under finance costs. The net impact of adopting this standard on the statement of profit and loss and earnings per share is not material. Refer disclosures included in Note 33 for details.

Ind AS 12 Appendix C - Uncertainty over Income Tax Treatments

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments is applied while performing the determination of taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates, for uncertainty over income tax treatments. The Company determines whether it is probable that the relevant taxation authority would accept an uncertain tax treatment, or group of uncertain tax treatments, that the Company have used or plan to use in its income tax filings. The Company reflects the effect of uncertainty for each uncertain tax treatment by using either the most likely amount or the expected value of the tax treatment, for determining taxable profit or tax loss, tax bases, unused tax losses, unused tax credits and tax rates.

Upon adoption of the interpretation, the Company considered whether it has any uncertain tax positions. The Company based on tax opinions and its tax compliance determined that it is probable that its tax treatments will be accepted by the taxation authorities. This interpretation did not have any material impact on the Ind AS financial statements.

Amendments to Ind AS 12 Income Taxes

The amendment clarifies that an entity shall recognise the income tax consequences of dividends when it recognises a liability to pay a dividend. Also, an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. These amendments did not have any material impact on Ind AS financial statements.

Amendments to Ind AS 19 Employee Benefits - Plan amendment, curtailment or settlement

These amendments relate to effects of plan amendment, curtailment or settlement. While determining the past service cost at the time of plan amendment or curtailment, an entity shall remeasure the amount of net defined benefit liability/asset using the current fair value of plan assets and current actuarial assumptions which shall reflect the benefits offered under the plan and plan assets before and after the plan amendment, curtailment or settlement. The amendments also require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting year after a plan amendment, curtailment or settlement. An entity shall determine the effect of asset ceiling after the plan amendment, curtailment or settlement and shall recognise any change in that effect.

These amendments had no impact on the Ind AS financial statements as the Company did not have any plan amendments, curtailments, or settlements during the year.

Amendments to Ind AS 109 Financial Instruments

The amendments to Ind AS 109 relate to classification of a financial instruments with prepayment feature with negative compensation. Negative compensation arises where the terms of the contract of the financial instrument permit the holder to make repayment or permit the lender or issuer to put the instrument to the borrower for repayment before the maturity at an amount less than the unpaid amounts of principal and interest. According to the amendments, these instruments can be classified as measured at amortised cost, or measured at fair value through profit or loss, or measured at fair value through other comprehensive income by the lender or issuer if the respective conditions specified under Ind AS 109 are satisfied. These amendments did not have any impact on the Ind AS financial statements.

2.3 Standards issued but not yet effective

There are no standards or amendments issued on or before March 31, 2020 but not yet effective, which may have any material impact on the Ind AS financial statements of the Company.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

3. Property, plant and equipment

	Cost				Depreciation				Net book value
	As at April 1, 2019	Additions	Deletions	As at March 31, 2020	As at April 1, 2019	For the year	On Deletions	As at March 31, 2020	As at March 31, 2020
Freehold land	6,867.78	-	49.99	6,817.79	-	-	-	-	6,817.79
Buildings	5,170.43	25.57	8.63	5,187.37	609.22	175.27	2.11	782.38	4,404.99
Railway sidings	500.41	57.96	1.53	556.84	183.58	45.38	0.71	228.25	328.59
Roads, drainage and culverts	423.49	-	-	423.49	168.66	30.63	-	199.29	224.20
Plant and equipment[(a)]	60,654.46	1,614.11	395.24	61,873.33	12,143.11	3,955.26	171.98	15,926.39	45,946.94
Electrical installations and fittings	254.86	-	-	254.86	106.74	28.10	-	134.84	120.02
Office equipment	350.68	-	-	350.68	167.55	35.28	-	202.83	147.85
Furniture and fixtures	310.96	86.33	1.49	395.80	181.45	38.29	1.27	218.47	177.33
Cranes and locomotives	183.36	23.71	-	207.07	63.91	20.16	-	84.07	123.00
Vehicles - Owned	211.71	66.20	-	277.91	56.39	40.17	-	96.56	181.35
Right-of-use land (Refer Note 33)	1,989.94	-	-	1,989.94	-	96.53	-	96.53	1,893.41
Right-of-use buildings (Refer Note 33)	25.26	215.31	-	240.57	-	30.57	-	30.57	210.00
Total	**76,943.34**	**2,089.19**	**456.88**	**78,575.65**	**13,680.61**	**4,495.64**	**176.07**	**18,000.18**	**60,575.47**

	Opening	Additions	Capitalised	Closing
Capital work-in-progress[(a)]	**3,418.08**	**3,318.08**	**2,089.19**	**4,646.97**

Previous year

	Cost				Depreciation				Net book value
	As at April 1, 2018	Additions	Deletions	As at March 31, 2019	As at April 1, 2018	For the year	On Deletions	As at March 31, 2019	As at March 31, 2019
Freehold land	6,867.78	-	-	6,867.78	-	-	-	-	6,867.78
Buildings	4,626.50	544.05	0.12	5,170.43	451.22	158.00	-	609.22	4,561.21
Railway sidings	500.41	-	-	500.41	138.31	45.27	-	183.58	316.83
Roads, drainage and culverts	379.06	44.43	-	423.49	140.92	27.74	-	168.66	254.83
Plant and equipment [(a)]	57,561.18	3,672.44	579.16	60,654.46	8,933.33	3,465.86	256.08	12,143.11	48,511.35
Electrical installations and fittings	242.31	12.55	-	254.86	76.67	30.07	-	106.74	148.12
Office equipment	296.01	58.15	3.48	350.68	136.76	32.27	1.48	167.55	183.13
Furniture and fixtures	303.55	7.66	0.25	310.96	144.13	37.34	0.02	181.45	129.51
Cranes and locomotives	153.83	34.29	4.76	183.36	48.67	18.77	3.53	63.91	119.45
Vehicles - Owned	158.36	65.13	11.78	211.71	24.27	34.24	2.12	56.39	155.32
Total	**71,088.99**	**4,438.70**	**599.55**	**74,928.14**	**10,094.28**	**3,849.56**	**263.23**	**13,680.61**	**61,247.53**

	Opening	Additions	Capitalised	Closing
Capital work-in-progress[(a)]	**3,303.21**	**4,553.57**	**4,438.70**	**3,418.08**

(a) Plant and machinery and capital work-in-progress additions during the period includes ₹ Nil Lakhs (March 31, 2019 : ₹ 19.78 Lakhs) and ₹ 557.92 Lakhs (March 31, 2019: ₹ 226.86 Lakhs), respectively, towards capitalisation of borrowing cost. The rate used to determine the amount of borrowing costs eligible for capitalisation was 10%, which is the average interest rate of long term borrowing.

(b) Refer Note 15 and 19 for details of property, plant and equipment pledged as security.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

4. Intangible assets

	Cost				Amortisation				Net book value
	As at April 1, 2019	Additions	Deletions	As at March 31, 2020	As at April 1, 2019	For the year	On Deletions	As at March 31, 2020	As at March 31, 2020
Computer software	134.75	129.25	-	264.00	44.34	41.72	-	86.06	177.94
Total	**134.75**	**129.25**	**-**	**264.00**	**44.34**	**41.72**	**-**	**86.06**	**177.94**

	Opening	Additions	Capitalised	Closing
Intangible assets under development	**39.03**	**90.22**	**129.25**	**-**

Previous year

	Cost				Amortisation				Net book value
	As at April 1, 2018	Additions	Deletions	As at March 31, 2019	As at April 1, 2018	For the year	On Deletions	As at March 31, 2019	As at March 31, 2019
Computer software	112.13	22.62	-	134.75	16.00	28.34	-	44.34	90.41
Total	**112.13**	**22.62**	**-**	**134.75**	**16.00**	**28.34**	**-**	**44.34**	**90.41**

	Opening	Additions	Capitalised	Closing
Intangible assets under development	**-**	**61.65**	**22.62**	**39.03**

	Non-current		Current	
	As at March 31, 2020	**As at March 31, 2019**	**As at March 31, 2020**	**As at March 31, 2019**
5. Financial assets - Investments				
(Unquoted)				
Investments at fair value through profit or loss				
Bangalore Beverages Limited	20,000.00	20,000.00	-	-
[200,000 (March 31, 2019: 200,000) Redeemable cumulative preference shares of ₹ 1 each with coupon rate of 10% p.a. repayable after 20 years]				
Less: Provision for impairment in value of investment (Refer Note 36)	20,000.00	20,000.00	-	-
Aditya Birla Sun Life Low Duration Fund - Growth Regular Plan	-	-	0.10	-
[22.199 (March 31, 2019: Nil) units of ₹ 483.69 each]				
Total	**-**	**-**	**0.10**	**-**
Aggregate amount of unquoted investment (gross)	20,000.00	20,000.00	0.10	-
Aggregate amount of impairment in value of investment	20,000.00	20,000.00	-	-

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Non-current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
6. Financial assets - Loans				
(Unsecured, considered good)				
Financial assets at amortised cost				
Security deposits	905.05	782.06	-	-
Total	**905.05**	**782.06**	**-**	**-**
7. Other financial assets				
Financial assets at fair value through profit or loss				
Derivatives not designated as hedges	20.36	15.29	1,643.12	25.24
Financial assets at amortised cost				
Rebate / discount receivable from suppliers	-	-	588.72	91.32
Interest accrued on deposits and receivables				
Related parties (Refer Note 38)	-	-	1,687.78	578.38
Others	-	-	227.54	195.69
Total	**20.36**	**15.29**	**4,147.16**	**890.63**
8. Other assets				
Unsecured, considered good				
Capital advances	4,402.98	1,726.77	-	-
Advances other than capital advances				
Advance to a related party (Refer Note 38)	-	-	1,980.00	13.32
Advance to suppliers	-	-	263.64	255.06
Employees and other advances	-	-	2.97	4.92
Prepaid expenses	330.71	-	1,034.31	913.23
Goods and Services Tax (GST) refund receivable	-	-	4,596.45	2,214.15
Balance with statutory/government authorities [Refer Note (a) below]	-	-	4,901.27	4,679.28
	4,733.69	**1,726.77**	**12,778.64**	**8,079.96**
Unsecured, considered doubtful				
Advances other than capital advances				
Advances to United Breweries (Holdings) Limited (Refer Note 36)	1,668.20	1,668.20	-	-
Balance with statutory/government authorities	-	-	1,372.43	1,055.53
Less: Allowance for doubtful balances	1,668.20	1,668.20	1,372.43	1,055.53
	-	-	-	-
Total	**4,733.69**	**1,726.77**	**12,778.64**	**8,079.96**

(a) Vide GST Notification No. 26/2018 dated June 13, 2018, the department amended definition of 'Net Input Tax Credit' for the purpose of GST refund on account of inverted duty structure with effect from July 1, 2017 to include input tax credit availed only on inputs which excludes input services. The Company had claimed refund of GST input tax credit on input services of ₹ 1,206.29 Lakhs till April 17, 2018 which was subsequently refunded and has further recognized such input tax credit of ₹ 4,961.86 Lakhs for subsequent period till March 31, 2020. Based on a tax opinion, a stay order dated September 18, 2018 of the High Court of Gujarat in respect of application of another company and considering such credit is available for utilisation also, the management is confident of refund/utilisation of aforesaid input tax credit. The Company has started utilising such credit during the current year based on a tax advise obtained in this regard.

(b) There are no advances to directors or other officers of the Company or any of them either severally or jointly with any other person or advances to firms or private companies, respectively, in which any director is a partner or a director or a member.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

		As at March 31, 2020	As at March 31, 2019
9.	**Inventories**		
	(valued at lower of cost and net realisable value)		
	Raw materials and packing materials	11,345.33	16,507.68
	[includes in transit - ₹ 56.81 Lakhs (March 31, 2019: ₹ 7,758.60 Lakhs)]		
	Work-in-progress	-	223.15
	Finished goods	5,017.12	10,015.35
	Stock-in-trade [includes in transit ₹ 219.58 Lakhs (March 31, 2019: ₹ 3,850.50 Lakhs)]	1,797.27	18,632.66
	Stores and spares [includes in transit ₹ 25.89 Lakhs (March 31, 2019: ₹ 23.73 Lakhs)]	6,451.67	8,493.66
	Total	**24,611.39**	**53,872.50**

During the period, an amount of ₹ Nil Lakhs (Previous year: ₹ 28.81 Lakhs) was recognised as an expense for inventories carried at net realisable values.

10.	**Trade receivables**		
	From related parties (Considered good)		
	Unsecured (Refer Note 38)	8,382.23	7,414.20
		8,382.23	**7,414.20**
	From others (Considered good)		
	Secured	2,921.82	2,478.69
	Unsecured	133,326.60	146,555.18
		136,248.42	**149,033.87**
	From others - (Credit impaired)		
	Unsecured	1,360.90	425.49
	Less: Provision for impairment	1,360.90	425.49
		-	**-**
	Total	**144,630.65**	**156,448.07**

(a) Trade receivables include concession/subsidy receivable from the Government of India of ₹ 110,741.62 Lakhs (March 31, 2019: ₹ 111,542.63 Lakhs). Based on the Department of Fertilizers ("DoF") Notification No. 12012/3/2010-FPP dated April 2, 2014 ("Notification"), the Company has accrued subsidy income of ₹ 7,519.12 Lakhs (March 31, 2019: ₹ 6,190.65 Lakhs) for the period from April 1, 2014 onwards towards reimbursement of additional fixed cost at the rate of ₹ 350 per metric tonne. Further, DoF vide Notification No. 12012/3/2010-FPP dated March 30, 2020 has removed the ambiguous language in its Notification, which reconfirmed our eligibility for claim of additional fixed cost at the rate of ₹ 350 per metric tonne, considering that the conditions as per the Notification have been fulfilled.

(b) No debts are due from directors or other officers of the Company or any of them either severally or jointly with any other person. Also, no debts are due from firms or private companies, respectively, in which any director is a partner or a director or a member.

(c) Trade receivables from dealers (other than related parties) are non-interest bearing during normal credit period and are generally on terms of 15 to 120 days. Management is of view that there are no receivables included above which have significant increase in credit risk.

(d) For terms and conditions relating to related party receivables, refer Note 38.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	As at March 31, 2020	As at March 31, 2019
11. Cash and cash equivalents		
Bank balances on current accounts	1,845.77	1,100.23
Bank balances on deposits accounts with original maturity of three months or less	19,451.56	3,060.00
Cheques, drafts in hand	-	2.50
Cash on hand	2.07	1.99
Total	**21,299.40**	**4,164.72**

Cash and cash equivalent balances don't include any amounts which are not avaliable for use by the Company.

12. Other bank balances		
Bank balances on unpaid dividend accounts*	198.61	226.76
Margin money deposits	1,561.10	570.00
Total	**1,759.71**	**796.76**

* The Company can utilise these balances only towards settlement of respective unpaid dividend amounts.

Break up of financial assets carried at amortised cost

	Non-current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Trade receivables (Refer Note 10)	-	-	144,630.65	156,448.07
Cash and cash equivalents (Refer Note 11)	-	-	21,299.40	4,164.72
Other bank balances (Refer Note 12)	-	-	1,759.71	796.76
Loans (Refer Note 6)	905.05	782.06	-	-
Others (Refer Note 7)	-	-	2,504.04	865.39
Total	**905.05**	**782.06**	**170,193.80**	**162,274.94**

13. Equity share capital		
Authorised share capital		
12,40,00,000 (March 31, 2019: 12,40,00,000) equity shares of ₹ 10 each	12,400.00	12,400.00
6,00,000 (March 31, 2019: 6,00,000) 13% redeemable cumulative preference shares of ₹ 100 each	600.00	600.00
	13,000.00	**13,000.00**
Issued shares		
12,00,00,044 (March 31, 2019: 12,00,00,044) equity shares of ₹ 10 each	12,000.00	12,000.00
	12,000.00	**12,000.00**
Subscribed and fully paid-up shares		
11,85,15,150 (March 31, 2019: 11,85,15,150) equity shares of ₹ 10 each	11,851.52	11,851.52
Forfeited shares (amount originally paid-up)	3.35	3.35
	11,854.87	**11,854.87**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at March 31, 2020		As at March 31, 2019	
	Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
At the beginning of the year	118,515,150	11,851.52	118,515,150	11,851.52
Changes during the year	-	-	-	-
Outstanding at the end of the year	**118,515,150**	**11,851.52**	**118,515,150**	**11,851.52**

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares issued and paid-up having a par value of ₹ 10 per share. Each holder of equity share is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of Shares held by holding company and shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	Nos.	%	Nos.	%
Equity shares of ₹ 10 each fully paid				
Zuari Agro Chemicals Limited (Holding Company)	64,028,362	54.03%	62,843,211	53.03%
Recovery Officer DRT II	17,940,205	15.14%	15,395,972	12.99%

As per records of the Company, the above shareholding represents legal ownership of shares.
No shares have been issued for consideration other than cash for a period of five years immediately preceding the reporting date.

	As at March 31, 2020	As at March 31, 2019
14. Other equity		
Capital redemption reserve		
Balance as per last Ind AS financial statements	**480.78**	**480.78**
General reserve		
Balance as per last Ind AS financial statements	**5,385.71**	**5,385.71**
Retained earnings*		
Balance as per last Ind AS financial statements	31,794.83	30,011.22
Add: Profit for the year	6,455.32	3,287.93
Add: Other comprehensive income/(loss)	15.50	(75.56)
Less: Appropriations		
Final equity dividend [amount per share ₹ 1 (Previous year: ₹ 1 per share)]	1,185.15	1,185.15
Tax on equity dividend	243.61	243.61
Closing balance	**36,836.89**	**31,794.83**
Total reserves and surplus	**42,703.38**	**37,661.32**

* Includes ₹ 5,917.55 Lakhs as at March 31, 2020 (March 31, 2019: ₹ 6,003.17 Lakhs) relating to revaluation of property, plant and equipment.

Distribution made and proposed		
Cash dividends on equity shares declared and paid:		
Dividend for the year ended March 31, 2019: ₹ 1 per share (Previous year: ₹ 1 per share)	1,185.15	1,185.15
Dividend distribution tax	243.61	243.61
	1,428.76	**1,428.76**

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	As at March 31, 2020	As at March 31, 2019
Proposed dividends on equity shares:		
Dividend for the year ended March 31, 2020: ₹ 0.50 per share (Previous year: ₹ 1 per share)	592.58	1,185.15
Dividend distribution tax	-	243.61
	592.58	**1,428.76**

Proposed dividend on equity shares is subject to approval at the annual general meeting and is not recognised as a liability (including dividend distribution tax thereon) as at year end.

15. Non-current borrowings

	Non-current portion		Current portion	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Secured (at amortised cost)				
Foreign currency term loan from a bank	1,050.78	1,976.20	1,062.73	994.08
Indian currency term loans from banks	18,526.03	24,055.63	5,573.91	3,614.69
Indian currency vehicle loans from bank	45.75	86.76	40.68	41.01
	19,622.56	**26,118.59**	**6,677.32**	**4,649.78**
Unsecured (at amortised cost)				
Foreign currency term loans from bank	650.78	913.73	326.42	305.47
Lease liabilities (Refer Note 33)	2,094.64	-	72.55	-
	2,745.42	**913.73**	**398.97**	**305.47**
Less: Amount disclosed under the head "Other financial liabilities" (Refer Note 16)	**-**	**-**	**7,076.29**	**4,955.25**
Total	**22,367.98**	**27,032.32**	**-**	**-**

Secured borrowings

Foreign currency term loan

Term loan from a bank of ₹ 2,113.51 Lakhs (including current maturites of ₹ 1,062.73 Lakhs) [March 31, 2019: ₹ 2,970.28 Lakhs (including current maturities of ₹ 994.08 Lakhs)] carries interest of 11.24% p.a. [March 31, 2019 : 11.24% p.a.] The loan is repayable in 14 equal installments on April and October of each year. The loan is secured by hypothecation of assets purchased out of said loan and guarantee issued by Finnvera, the state owned export credit agency of Finland.

Indian currency term loans

Term loan from a bank of ₹ 7,954.74 Lakhs (including current maturites of ₹ 1,990.58 Lakhs) [March 31, 2019: ₹ 9,930.85 Lakhs (including current maturities of ₹ 1,987.96 Lakhs)] carries interest in the range of 11.15% p.a. to 12.00% p.a. [March 31, 2019: 11.15% p.a.] The loan is repayable in 20 equal quarterly installments starting from the end of moratorium period which is 2 years from the date of disbursement. The loan is secured by first pari-passu charge on all movable and immovable fixed assets (alongwith working capital lenders), other than fixed assets exclusively charged to other lenders.

Term loan from a bank of ₹ Nil Lakhs (including current maturites of ₹ Nil Lakhs) [March 31, 2019: ₹ 866.33 Lakhs (including current maturities of ₹ 866.33 Lakhs)] carries interest in the range of 12.80% p.a. to 13.30% p.a. [March 31, 2019 : 12.80% p.a.] The loan is repayable in 84 equal monthly installments commencing on December 8, 2012. The loan is secured by first charge on fixed assets funded through the term loan and first pari-passu charge on all fixed assets including all immovable and movable properties, both present and future (other than fixed assets exclusively charged to other lenders), with other participating working capital lenders.

Term loan from a bank of ₹ 4,458.78 Lakhs (including current maturites of ₹ 992.14 Lakhs) [March 31, 2019: ₹ 4,941.73 Lakhs (including current maturities of ₹ 494.92 Lakhs)] carries interest in the range of 10.20% p.a. to 10.85% p.a. [March 31, 2019: 10.35% p.a. to 11.40% p.a.] The loan is repayable in 20 quarterly installments starting from the end of moratorium period 15 months from the date of first disbursement. The loan is secured by first pari-pasu charge on all movable and immovable fixed

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

assets, both present and future (other than fixed assets exclusively charged to other lenders) and second pari-passu charge on all current assets, both present and future.

Term loan from a bank of ₹ 11,686.42 Lakhs (including current maturites of ₹ 2,591.19 Lakhs) [March 31, 2019: ₹ 11,931.41 Lakhs (including current maturities of ₹ 265.49 Lakhs)] carries interest in the range of 8.00% p.a. to 10.15% p.a. [March 31, 2019 : 9.91% p.a. to 10.22% p.a.] The loan is repayable in 15 quarterly installments starting from the end of moratorium period of 18 month from the date of disbursement. The loan is secured by first pari-passu first charge over all movable and immovable fixed assets including plant and machinery of the Company (excluding assets exclusively charged to other banks) and first pari-passu with any other security provided to any other lenders including working capital lenders.

Indian currency vehicle loans

Vehicle loans from a bank of ₹ 86.43 Lakhs (including current maturites of ₹ 40.68 Lakhs) [March 31, 2019: ₹ 127.77 Lakhs (including current maturities of ₹ 41.01 Lakhs)] carry interest at 8.36% p.a. [March 31, 2019 : 8.36% p.a.] The loan is repayable in 30 to 48 monthly installments and is secured by first pari-passu charge on fixed assets financed by the said term loans.

Unsecured borrowings

Foreign currency term loan

Term loan from a bank of ₹ 977.20 Lakhs (including current maturites of ₹ 326.42 Lakhs) [March 31, 2019: ₹ 1,219.20 Lakhs (including current maturities of ₹ 305.47 Lakhs)] carries fixed interest of 11.80% p.a. [March 31, 2019 : 11.80% p.a.] The loan is repayable in 14 equal installments on August and February of each year. The loan is secured by guarantee issued by Eksport Kredit Fonden plc (EKF), the state owned export credit agency of Denmark.

16. Other financial liabilities

	Non-current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Financial liabilities at fair value through profit or loss				
Derivatives not designated as hedges	275.66	546.19	212.67	3,275.12
Financial liabilities at amortised cost				
Current maturities of long-term borrowings (Refer Note 15)	-	-	7,076.29	4,955.25
Liabilities for capital goods	-	-	370.70	752.27
Interest accrued but not due on borrowings and others	-	-	1,257.72	1,902.42
Security deposits (unsecured)	-	-	5,128.78	3,815.52
Employee benefits payable	-	-	973.34	917.67
Other expenses payable	-	-	2,145.92	2,126.59
Unpaid dividend*	-	-	198.61	226.76
Total	**275.66**	**546.19**	**17,364.03**	**17,971.60**

* There are no amounts due for payment to the Investor Education and Protection Fund under the Companies Act, 2013 as at year end.

17. Provisions

	Non-current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits				
Gratuity (Refer Note 27)	1,413.75	1,624.64	273.48	104.61
Compensated absences	-	-	918.82	942.14
Total	**1,413.75**	**1,624.64**	**1,192.30**	**1,046.75**

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

18. Deferred tax liabilities (net)

	Balance Sheet		Statement of profit and loss	
	As at March 31, 2020	**As at March 31, 2019**	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Deferred tax liabilities				
Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	11,060.35	13,773.47	(2,713.12)	(448.52)
Others	75.72	81.02	(5.30)	(157.22)
	11,136.07	**13,854.49**	**(2,718.42)**	**(605.74)**
Deferred tax assets				
Business losses and unabsorbed depreciation	-	3,109.15	(3,109.15)	(2,614.57)
Allowance for doubtful receivables	343.95	148.68	195.27	-
Provision for gratuity and compensated absences	655.95	933.49	(277.54)	110.13
Lease Liability	566.85	-	566.85	-
Others	388.52	412.62	(24.10)	213.18
MAT credit entitlement	8,311.60	7,495.18	816.42	1,268.00
	10,266.87	**12,099.12**	**(1,832.25)**	**(1,023.26)**
Net deferred tax liability	**869.20**	**1,755.37**		
Deferred tax (credit)/charge			**(886.17)**	**417.52**

Based on the profitability projections, the management is confident that there would be sufficient taxable profits in future which will enable the Company to utilize the aforesaid MAT credit entitlement. Accordingly, deferred tax asset have been recognised on the same. Also Refer Note 31.

Reconciliation of movement in deferred tax liabilities (net)

Balance at the beginning of the year	1,755.37	1,337.85
Tax charge/(credit) during the year		
Recognised in profit and loss	(894.50)	458.11
Recognised in OCI	8.33	(40.59)
	(886.17)	417.52
Balance at the end of the year	**869.20**	**1,755.37**

	As at March 31, 2020	**As at March 31, 2019**
19. Current borrowings		
Secured borrowings		
Foreign currency buyer's/suppliers' credit from banks	46,132.34	80,636.04
Indian currency bills discounted with banks	48,807.90	39,271.22
Indian currency cash credit from banks	58.63	271.30
Indian currency short term loan from bank	23,273.43	17,541.02
	118,272.30	**137,719.58**
Unsecured borrowings		
Indian currency short term loans from banks	2,905.48	1,594.55
	2,905.48	**1,594.55**
Total	**121,177.78**	**139,314.13**

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

Secured borrowings

The facilities are secured by first pari-passu charge on all current assets (both present and future) and property, plant and equipment of the Company, excluding assets which are exclusively charged to other lenders. These facilities are repayable within 12 months period. The interest carried on these facilities are - buyers/suppliers credits: 2.48% to 4.21% p.a. [March 31, 2019 : 3.09% p.a. to 4.21% p.a.], bills discounted: 7.25% to 9.00% p.a. [March 31, 2019 : 8.20% p.a. to 8.50% p.a.], cash credit: 10.15% to 11.75% p.a. [March 31, 2019 : 9.55% p.a. to 13.05%]

The short term loan from bank carries interest rate of 6.15% p.a. (fully borne and paid directly by Government of India to the bank) [March 31, 2019 : 8.20% p.a. (including 7.72% p.a. borne and paid directly by Government of India to the bank)] and is secured by subsidy receivable of equal amount from the Government of India, Ministry of Chemicals & Fertilizers under Special Banking Arrangement.

Unsecured borrowings

The short term loans are repayable over a maturity period of 45 to 120 days and carry floating interest rate of 9.28% to 9.60%. [March 31, 2019 : 7.05% p.a. to 7.90% p.a.]

	As at March 31, 2020	As at March 31, 2019
20. Trade payables		
Dues to related parties (Refer Note 38)	5.58	10.78
Others*	57,517.56	51,218.30
Total	**57,523.14**	**51,229.08**

* Includes outstanding dues of micro and small enterprises (Refer Note 37 for details)

For explanations on the Company's credit risk management processes, refer Note 41.

Trade payables (other than related parties) are normally non-interest bearing and are settled on 30 to 90 days term. For Terms and condition for related parties refer note 38.

21. Other current liabilities		
Statutory dues payable	353.16	330.39
Contract liabilities - Advances from customers**	3,214.32	1,451.88
Total	**3,567.48**	**1,782.27**

** Revenue recognised from amounts included in contract liabilities at the beginning of the year is ₹ 1,305.62 Lakhs (March 31, 2019: ₹ 942.18 Lakhs).

Break up of financial liabilities carried at amortised cost

	Non-current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Long Term Borrowings (Refer Note 15)	22,367.98	27,032.32	-	-
Short Term Borrowings (Refer Note 19)	-	-	121,177.78	139,314.13
Trade Payables (Refer Note 20)	-	-	57,523.14	51,229.08
Others (Refer Note 16)	-	-	17,151.36	14,696.48
Total	**22,367.98**	**27,032.32**	**195,852.28**	**205,239.69**

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
22. Revenue from contracts with customers		
Sale of products (including concession/subsidy on fertilisers)		
Manufactured	223,088.00	224,518.58
Traded	47,802.71	82,639.87
Sale of services	123.74	98.31
Other operating revenues (scrap sales)	69.97	107.00
Total	**271,084.42**	**307,363.76**
(a) Disaggregated revenue information		
Manufactured		
Urea	121,477.52	130,166.98
Complex fertilizers	92,850.28	85,889.55
Others	8,760.20	8,462.05
	223,088.00	**224,518.58**
Traded		
Complex fertilizers	19,798.98	36,540.88
Muriate of Potash (MOP)	13,332.41	26,789.53
Others	14,671.32	19,309.46
	47,802.71	**82,639.87**
(b) Timing of revenue recognition		
Products transferred for a point in time	270,960.68	307,265.45
Services rendered at a point in time	123.74	98.31
	271,084.42	**307,363.76**
(c) Reconciliation of amount of revenue recognised with contract price		
Revenue as per contracted price (including concession / subsidy on fertilisers)	282,237.91	314,001.63
Adjustments		
Rebates	(10,752.56)	(6,179.79)
Others	(400.93)	(458.08)
Revenue from contracts with customers	**271,084.42**	**307,363.76**

(d) Sales of products include government concession/subsidies amounting to ₹ 143,053.44 Lakhs (Previous year: ₹ 161,383.03 Lakhs). The urea concession has been estimated and accounted as per the Government of India notification dated June 17, 2015. The subsidy on phosphatic and complex fertilisers has been accounted based on the rates announced by the Government of India under Nutrient Based Subsidy Policy, from time to time.

(e) The Company recognises Urea concession income from the Government of India (GOI) based on estimates and changes, if any, are recognised in the year of finalisation of the prices by the GOI under the scheme. Accordingly, revenue for the year ended March 31, 2020 include additional urea concession income of ₹ 1,053.65 Lakhs (Previous year: ₹ 3,050.79 Lakhs) relating to immediately preceeding financial year recognised on finalization of escalation/de-escalation claims. The urea concession income for the year ended March 31, 2020 have been recognized based on estimates and are pending finalisation by the GOI.

(f) For details of contract balances, refer Notes 10 and 21. Also refer Note 39 for segment information.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
23. Other income		
Interest income on bank deposits and others	2,135.01	994.26
Rental income	77.78	75.48
Insurance claim received	87.85	38.61
Liabilities no longer required written back	-	9.74
Other non-operating income	21.08	85.38
Total	**2,321.72**	**1,203.47**
24. Cost of materials consumed		
Inventories at the beginning of the year	16,507.68	15,779.45
Add: Purchases	134,867.87	157,820.43
Less: Inventories at the end of the year	11,345.33	16,507.68
Consumption	**140,030.22**	**157,092.20**
Materials consumed		
Naphtha*	63,902.24	70,559.79
Phosphoric acid	46,187.26	47,826.87
Imported ammonia	16,602.59	20,221.20
Others	13,338.13	18,484.34
Total	**140,030.22**	**157,092.20**

*The Company recognises purchase of Naphtha based on proforma invoices and changes, if any, are accounted on receipt of the final invoices from the suppliers. Management believes that the changes, if any, in relation to final invoices pending to be received and accounted as at year end are not expected to be material.

	For the year ended March 31, 2020	For the year ended March 31, 2019
25. Purchases of stock-in-trade		
Complex fertilizers	5,715.97	38,592.51
Muriate of Potash (MOP)	7,151.20	20,060.78
Others	9,735.54	15,712.19
Total	**22,602.71**	**74,365.48**
26. Change in inventories of finished goods, stock-in-trade and work-in-progress		
Inventories at the beginning of the year		
Finished goods	10,015.35	5,403.64
Stock-in-trade	18,632.66	13,594.15
Work-in-progress	223.15	2.49
	28,871.16	19,000.28
Less: Inventories at the end of the year		
Finished goods	5,017.12	10,015.35
Stock-in-trade	1,797.27	18,632.66
Work-in-progress	-	223.15
	6,814.39	28,871.16
Decrease/(Increase) in inventories	**22,056.77**	**(9,870.88)**

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
27. Employee benefits expense		
Salaries, wages and bonus	6,005.81	6,014.45
Gratuity expense [refer note (i) below]	237.45	219.37
Contribution to provident and other funds [refer note (ii) below]	470.92	439.54
Staff welfare expenses	372.08	397.26
Total	**7,086.26**	**7,070.62**

(i) The Company operates defined benefit plan i.e., gratuity for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The fund has the form of a trust and it is governed by the Board of Trustees who is responsible for the administration of the plan assets and for the definition of the investment strategy.

The following table summarises the components of net benefit expenses and the funded status for the plan:

	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Cost charged to the statement of profit or loss under employee cost		
Current service cost	103.15	103.23
Interest cost	150.69	144.58
Return on plan assets	(16.39)	(28.44)
Net employee benefit expense	**237.45**	**219.37**
(b) Remeasurement (loss)/gain recognised in other comprehensive income		
Actuarial (loss)/gain		
Change in financial and demographic assumptions	(6.50)	(22.39)
Experience variance (actual vs assumption)	34.57	(81.11)
Actuarial (loss) on assets	(4.24)	(12.65)
Net actuarial gain/(loss)	**23.83**	**(116.15)**
(c) Changes in the present value of the defined benefit obligation		
Obligations at beginning of the year	1,940.21	1,866.85
Current service cost	103.15	103.23
Interest cost	150.69	144.58
Benefits paid	(311.69)	(277.95)
Actuarial(gain)/ loss	(28.07)	103.50
Obligations at end of the year	**1,854.29**	**1,940.21**
(d) Change in fair value of plan assets		
Plan assets at the beginning of the year	210.96	367.25
Return on plan assets	16.39	28.44
Contributions during the year	255.64	105.87
Benefits paid	(311.69)	(277.95)
Actuarial (loss)	(4.24)	(12.65)
Plan assets at end of the year	**167.06**	**210.96**
(e) Benefit asset/(liability)		
Fair value of plan assets	167.06	210.96
Less: Present value of defined benefit obligations	(1,854.29)	(1,940.21)
Benefit (liability)	**(1,687.23)**	**(1,729.25)**

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
(f) Major category of plan assets included in fair value of plan assets		
Fund balance with insurance companies	167.06	210.96
Total	**167.06**	**210.96**
(g) The principal assumptions used in determining gratuity obligations for the Company plan are as shown below:		
Discount rate	6.85%	7.75%
Salary increase rate	6.50%-8.00%	7.50%-9.00%
Employee turnover	1.00%-3.00%	1.00%-3.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall rate of return on assets is determined based on the market price prevailing on that date, applicable to the period over which the obligation is to be settled.

(h) A quantitative sensitivity analysis for significant assumption is as below:

	As at March 31, 2020		As at March 31, 2019	
	0.5% increase	**0.5% decrease**	**0.5% increase**	**0.5% decrease**
Impact on defined benefit obligation				
Discount rate	(1,794.02)	1,919.42	(1,880.16)	2,004.90
Salary increase rate	1,919.11	(1,793.77)	2,004.51	(1,879.98)
Employee turnover	(1,855.85)	1,852.48	(1,940.86)	1,939.41
Mortality rate	(1,854.37)	1,854.20	(1,940.25)	1,940.17

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable change in key assumptions occurring at the end of the reporting period.

(i) The following payments are expected contribution to the defined benefit plans in future years:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Within next 12 months	440.53	104.61
Between 2 to 5 years	816.05	1,137.32
Between 6 to 10 years	428.38	472.22
More than 10 years	1,832.00	2,074.22
Total	**3,516.96**	**3,788.37**

The average duration of the defined benefit plan obligation at the end of the reporting year is 7 years (March 31, 2019: 6 years).

(ii) Contribution to provident and other funds includes the following defined contributions:

Provident fund	280.18	263.34
Superannuation fund and national pension scheme	172.65	156.51
Others	18.09	19.70
Total	**470.92**	**439.54**

28. Finance costs

Interest expense*	8,827.69	9,540.03
Exchange difference regarded as adjustment to borrowing cost	1,606.99	631.43
Other borrowing costs **	713.01	930.47
Total	**11,147.69**	**11,101.93**

*Includes interest on income tax of ₹ 30.00 Lakhs (Previous year: ₹ Nil Lakhs).

** Refer Note 33 for interest on leases

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
29. Depreciation and amortisation expense		
Depreciation of property, plant and equipment	4,495.64	3,849.56
Amortisation of intangible assets	41.72	28.34
Total	**4,537.36**	**3,877.90**
30. Other expenses		
Consumption of stores and spares	856.33	951.50
Power, fuel and water	29,368.19	28,437.97
Bagging and other contracting charges	797.36	781.20
Transportation	14,997.95	18,368.71
Repairs and maintenance		
Buildings	102.23	143.39
Plant and equipment	2,548.77	2,813.86
Others	546.44	760.71
Rent	523.42	920.81
Rates and taxes	8.84	8.25
Insurance	927.79	386.81
Travelling and conveyance	298.13	340.29
Net loss on disposal of property, plant and equipment	280.82	325.37
Allowance for doubtful advances	316.90	894.23
Impairment of trade receivable	941.01	-
Director's sitting fees	22.50	24.15
Auditors remuneration (refer details below)	43.49	37.80
CSR expenditure (refer details below)	105.21	60.79
Donations	6.17	5.83
Foreign exchange differences (net)	3,499.04	2,071.26
Miscellaneous expenses	2,710.72	2,583.01
Total	**58,901.31**	**59,915.94**
Payment to Auditors		
As Auditor		
Statutory audit fee	20.00	17.50
Limited review fee	10.50	9.00
Tax audit fee	-	3.50
In other capacity		
Certification fees	6.50	4.50
Others (including reimbursement of expenses)	6.49	3.30
Total	**43.49**	**37.80**
CSR expenditure		
Gross amount required to be spent by the Company during the year	104.30	50.34
Amount spent during the year (other than on construction/acquisition of any asset)	105.21	60.79
Amount yet to be spent/paid	-	-
Total	**105.21**	**60.79**

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
31. Tax expenses		
Income tax related to items charged or credited to statement of profit and loss during the year:		
Profit and loss section		
Current tax (MAT)	1,483.00	1,268.00
Deferred tax charge/(credit)		
MAT credit entitlement	(816.42)	(1,268.00)
Deferred tax charge for prior years	119.83	16.68
Deferred tax (credit)/charge on others	(197.91)	1,709.43
Total	**588.50**	**1,726.11**

Deferred tax expense for the year includes deferred tax charge/(credit) relating to prior period recognized towards true-up adjustment on filing of income tax returns by the Company.

Other comprehensive income		
Deferred tax (credit)/charge on remeasurement of defined benefit plan	8.33	(40.59)
Total	**8.33**	**(40.59)**

Reconciliation of tax expense with accounting profit multiplied by statutory income tax rate:

Accounting profit before income tax	**7,043.82**	**5,014.04**
Tax as per statutory income tax rate of 34.94% (Previous year: 34.94%)	2,461.39	1,751.91
Non-deductible expenses for tax purposes		
CSR expenditure	36.76	21.24
Unrealised foreign exchange gain on capital items	(11.53)	(69.14)
Deferred tax charge for prior years	119.83	16.68
Other non-deductible expenses	38.92	5.42
Impact of change in tax rate for future period*	(2,056.87)	-
Income tax expense reported in statement of profit and loss account	**588.50**	**1,726.11**
Effective tax rate	**8.35%**	**34.43%**

* During the current year end, assessment has been performed by the Company regarding utilization of Minimum Alternate Tax (MAT) on the basis of future profitability projections. Further, the management also assessed it to be probable that post utilization of MAT the Company will be exercising option to pay Income Tax at reduced rates as per the provisions/conditions defined in the new Section 115BAA in the Income Tax Act, 1961, inserted vide the Taxation Laws (Amendment) Ordinance 2019 and consequently, tax credit of ₹ 2,056.87 lakhs has been recorded in the financial results for current year ended March 31, 2020.

32. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computation:

Net profit attributable to equity shareholders	6,455.32	3,287.93
Weighted average number of equity shares considered for calculating basic/diluted EPS	118,515,150	118,515,150
Earnings per share (Basic/Diluted)	**5.45**	**2.77**

33. Leases

The Company as a lessee

The Company has lease contracts for land, buildings and tanks. The leases for land generally have lease terms between 1 to 30 years, while others generally have lease terms between 1 to 9 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and sub-leasing the leased assets. There are several lease contracts that include extension and termination options, which are further discussed below.

The Company also has certain leases with lease terms of 12 months or less and leases with low value. The Company applies the 'short term lease' and 'lease of low value assets' recognition exemptions for these leases.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

Refer Note 3 for details of carrying amounts of right-of-use assets recognised and the movements during the year. Set out below are the carrying amounts of lease liabilities (included under interest bearing borrowings) and the movements during the year:

	For the year ended March 31, 2020
At the beginning of the year (recognised on transition to Ind AS 116)	2,015.20
Additions	215.31
Accretion of interest	217.39
Payments	(280.71)
At the end of the year	**2,167.19**
Current	72.55
Non-current	2,094.64
The maturity analysis of lease liabilities are disclosed in Note 40(c). The following are the amounts recognised in the statement of profit or loss:	
Depreciation expense of right-of-use assets	127.10
Interest expense on lease liabilities	217.39
Expense relating to short term leases (included in rent expense)	523.42
Total amount recognised in the statement of profit or loss	**867.91**

The Company had total cash outflows for leases of ₹ 798.55 Lakhs (Previous year: ₹ 920.81 Lakhs). The Company also had non-cash additions to right-of-use assets and lease liabilities of ₹ 215.31 Lakhs (Previous year: Nil). The future cash outflows relating to leases that have not yet commenced are as below:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Within one year	-	12.76
After one year but not more than five years	-	16.29
More than five years	-	-
Total	**-**	**29.05**

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

The effective interest rate for lease liabilities is 10%, with maturity between 2021-2042

There are no future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

	For the year ended March 31, 2020
Expense relating to leases of low value assets (refer note 33)	-
Expense relating to short term leases (refer note 33)	31.54
Variable lease payments (refer note 33)	492.47
Total Lease Payments not considered as Lease payments under Ind AS 116	**524.00**

<u>The Company as a lessor</u>

The Company has entered into cancellable operating leases in respect of a portion of its land and building. These leases have terms of between 10 years and above. The leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The total rents recognised as income during the year is ₹ 77.78 Lakhs (Previous year: ₹ 75.48 Lakhs).

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
34. Capital and other commitments		
(a) Estimated amount of contract remaining to be executed (net of capital advances) on capital account and not provided for	17,987.84	18,173.86
(b) For commitments relating to lease arrangements, refer Note 33.		
35. Contingent liabilities		
(a) Claims against the Company not acknowledged as debts		
Income tax	358.04	358.04
Excise duty	5,338.91	5,338.91
Entry tax	351.96	351.96
Customs duty	400.63	356.83
Service tax	15.49	27.41
Value added tax	8,332.29	14.20
Others	97.08	24.14

The income tax matters under appeal include certain deductions claimed by the Company for financial years 2012-13 and 2013-14 which have resulted in tax losses, on which deferred tax assets have been recognized and utilized against taxable profits of following years, which have been disallowed by the income tax authorities and the differential tax liability (deferred tax / regular tax) that may arise is estimated to be ₹ 3,315 Lakhs and interest thereon. The Company is contesting aforesaid disallowances and the management, based on independent tax opinions, believes that its position will likely be upheld in the appellate process and accordingly no expense has been accrued in this regard.

The Company is contesting aforesaid demands and the management, based on advise of its advisors, believes that its position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for these demands raised. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations. The Company does not expect any reimbursements in respect of the above contingent liabilities.

In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management reasonably does not expect that these legal actions, when ultimately concluded and determined, will have any material effect on the Company's results of operations or financial condition.

(b) Other money for which the Company is contingently liable		
Bank guarantees	1,050.72	2,930.05

36. The Company in an earlier year had engaged an independent firm to carry out forensic review of certain transactions relating to investment in preference shares of Bangalore Beverages Limited and advances to United Breweries (Holdings) Limited, which indicated that these transactions may have involved irregularities. This investment of ₹ 20,000 Lakhs and advances of ₹ 1,668.20 Lakhs aggregating to ₹ 21,668.20 Lakhs were fully provided for during the year ended March 31, 2016.

Zuari Fertilisers and Chemicals Limited, the holding company (now merged with Zuari Agro Chemicals Limited) had filed a petition before the National Company Law Tribunal, Bengaluru ("NCLT") to claim accountability of erstwhile promoter group for the aforesaid irregularities. On August 19, 2019, the aforesaid petition has been withdrawn and accordingly this matter has been disposed of by the NCLT.

37. Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

	For the year ended March 31, 2020	For the year ended March 31, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises*	455.62	286.91
- Interest due on above	0.67	0.67
Total	**456.29**	**287.58**

*Excluding liabilities for capital goods of ₹ 5.89 Lakhs (March 31, 2019 : ₹ 11.75 Lakhs).

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	0.15
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006	0.67	0.67

The information given above is to the extent such parties have been identified by the Company on the basis of information disclosed by the suppliers.

38. Related party disclosures

Names of related parties:

Names of related parties where control exists irrespective of whether transactions have occurred or not:

Holding Company	:	Zuari Agro Chemicals Limited ("ZACL")
Common control	:	Paradeep Phosphates Limited ("PPL")
		Zuari Management Services Limited ("ZMSL")

Names of other related parties with whom transactions have taken place during the year:

Key Management Personnel	:	Mr. N. Suresh Krishnan, Managing Director
		Mr. K. Prabhakar Rao, Whole-time director
		Mr. T.M. Muralidharan, Chief Financial Officer
		Mr. Vijayamahantesh Khannur, Company Secretary
Directors	:	Mr. Arun Duggal
		Mr. Akshay Poddar
		Mr. Sunil Sethy
		Mr. D.A. Prasanna
		Ms. Rita Menon
		Mr. Narendra Mairpady (till April 5, 2019)
		Mr. Pratap Narayan (till March 23, 2019)
		Mr. Dipankar Chatterji (effective May 14, 2019)
		Mr. Shashi Kant Sharma (effective August 12, 2019)
Enterprises in which directors/shareholders are interested	:	Lionel India Limited ("LIL")
		Adventz Finance Private Limited
Employee benefit trusts	:	MCF Ltd. Employees Gratuity Fund Trust ("MCF Gratuity Trust")
		MCF Ltd. Employees Superannuation Trust ("MCF Superannuation Trust")

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

Summary of transactions entered into with related parties during the period:

	Holding Company		Common control		Key Management Personnel and Directors		Others	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Sale of goods (net)								
ZACL	2,825.80	6,100.28	-	-	-	-	-	-
PPL	-	-	463.14	491.46	-	-	-	-
	2,825.80	**6,100.28**	**463.14**	**491.46**	**-**	**-**	**-**	**-**
Purchase of goods (net)								
ZACL	-	4,579.11	-	-	-	-	-	-
PPL	-	-	-	1,491.99	-	-	-	-
	-	**4,579.11**	**-**	**1,491.99**	**-**	**-**	**-**	**-**
Interest income								
ZACL	1,121.67	642.65	-	-	-	-	-	-
PPL	-	-	63.25	-	-	-	-	-
	1,121.67	**642.65**	**63.25**	**-**	**-**	**-**	**-**	**-**
Purchase of services								
ZMSL	-	-	124.41	109.12	-	-	-	-
	-	**-**	**124.41**	**109.12**	**-**	**-**	**-**	**-**
Travel expenses paid								
LIL	-	-	-	-	-	-	87.60	78.21
	-	**-**	**-**	**-**	**-**	**-**	**87.60**	**78.21**
Reimbursement of expenses by the Company								
ZACL*	12.64	950.56	-	-	-	-	-	-
PPL	-	-	-	49.77	-	-	-	-
Adventz Finance Private Limited	-	-	-	-	-	-	20.29	-
Mr. Arun Duggal	-	-	-	-	48.00	48.00	-	-
	12.64	**950.56**	**-**	**49.77**	**48.00**	**48.00**	**20.29**	**-**

*Transactions for period ended March 31, 2019 includes payment made towards settlement of liability to another party.

	Holding Company		Common control		Key Management Personnel and Directors		Others	
Reimbursement of expenses to the Company								
ZACL	670.80	2.57	-	-	-	-	-	-
PPL	-	-	16.87	5.84	-	-	-	-
	670.80	**2.57**	**16.87**	**5.84**	**-**	**-**	**-**	**-**
Sitting fees paid								
Mr. Arun Duggal	-	-	-	-	4.05	3.45	-	-
Mr. Dipankar Chatterji	-	-	-	-	3.10	-	-	-
Mr. Akshay Poddar	-	-	-	-	2.50	1.50	-	-
Mr. Sunil Sethy	-	-	-	-	3.10	3.45	-	-
Mr. D.A. Prasanna	-	-	-	-	5.05	4.35	-	-
Ms. Rita Menon	-	-	-	-	4.20	2.40	-	-
Mr. Narendra Mairpady	-	-	-	-	-	5.50	-	-
Mr. Pratap Narayan	-	-	-	-	-	3.50	-	-
Mr. Shashi Kant Sharma	-	-	-	-	0.50	-	-	-
	-	**-**	**-**	**-**	**22.50**	**24.15**	**-**	**-**

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Holding Company		Common control		Key Management Personnel and Directors		Others	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Dividend paid on equity shares								
ZACL	640.28	628.43	-	-	-	-	-	-
Adventz Finance Private Limited	-	-	-	-	-	-	7.50	-
Mr. Akshay Poddar	-	-	-	-	2.51	-	-	-
	640.28	**628.43**	**-**	**-**	**2.51**	**-**	**7.50**	**-**
Contributions made								
MCF Gratuity Trust	-	-	-	-	-	-	255.64	105.87
MCF Superannuation Trust	-	-	-	-	-	-	109.14	105.28
	-	**-**	**-**	**-**	**-**	**-**	**364.78**	**211.15**

	March 31, 2020	March 31, 2019
Compensation of key management personnel*		
Short term employee benefits	241.44	313.21
Post-employment gratuity and medical benefits	-	-
Termination benefits	-	-
Share-based payment transactions	-	-
Total compensation paid to key management personnel	**241.44**	**313.21**

*The amounts disclosed above are the amounts recognised during the reporting period related to key management personnel. As the liabilities for gratuity and compensated absences are provided on an actuarial basis for the Company as a whole, the amount pertaining to the key management personnel is not ascertainable and, therefore, not included above.

Summary of balances as at year end:

	Holding Company		Common control		Key Management Personnel and Directors		Others	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Interest receivable								
ZACL	1,680.76	578.38	-	-	-	-	-	-
PPL	-	-	7.02	-	-	-	-	-
	1,680.76	**578.38**	**7.02**	**-**	**-**	**-**	**-**	**-**
Advance to suppliers								
ZACL	1,980.00	-	-	-	-	-	-	-
LIL	-	-	-	-	-	-	-	13.32
	1,980.00	**-**	**-**	**-**	**-**	**-**	**-**	**13.32**
Trade receivables								
ZACL	8,382.23	6,950.86	-	-	-	-	-	-
PPL	-	-	-	463.34	-	-	-	-
	8,382.23	**6,950.86**	**-**	**463.34**	**-**	**-**	**-**	**-**
Trade payables								
ZMSL	-	-	-	10.78	-	-	-	-
LIL	-	-	-	-	-	-	5.58	-
	-	**-**	**-**	**10.78**	**-**	**-**	**5.58**	**-**

Terms and conditions of transactions with related parties

The transactions for sale and purchases with related parties are made on terms equivalent to those prevailing in arm's length transactions. The outstanding receivable / payable balances are generally unsecured and interest is charged as per terms agreed with the related parties. There have been no guarantees provided or received for any related party receivables or payables.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

39. Segment information

The Company is engaged in the manufacture, sale and trading of fertilizers which the management has considered as single business operating segment. Further, the Company operates in India and caters to the needs of only domestic market. Accordingly, no further disclosures, other than those already included in the Ind AS financial statements, are required.

Revenue from single customer i.e. Government of India amounted to ₹ 143,053.44 Lakhs (Previous year: ₹ 161,383.03 Lakhs) arising from the concession/subsidy on fertilisers.

40. Financial instruments fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the Ind AS financial statements are categorised within the fair value hierarchy, as below, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The fair value measurement hierarchy of the Company's assets and liabilities is as below:

	Carrying amount		Fair values					
			Level 1		Level 2		Level 3	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Financial assets measured at fair value								
Derivatives not designated as hedges	1,663.48	40.53	-	-	1,663.48	40.53	-	-
Financial assets for which fair values are disclosed								
Loans	905.05	782.06	-	-	905.05	782.06	-	-
Trade receivables	144,630.65	156,448.07	-	-	144,630.65	156,448.07	-	-
Cash and cash equivalents	21,299.40	4,164.72	-	-	21,299.40	4,164.72	-	-
Other bank balances	1,759.71	796.76	-	-	1,759.71	796.76	-	-
Rebate / discount receivable from suppliers	588.72	91.32	-	-	588.72	91.32	-	-
Interest accrued on deposits and others	1,915.32	774.07	-	-	1,915.32	774.07	-	-
Financial liabilities measured at fair value								
Derivatives not designated as hedges	488.33	3,821.31	-	-	488.33	3,821.31	-	-
Financial liabilities for which fair values are disclosed								
Borrowings	150,622.05	171,301.70	-	-	150,622.05	171,301.70	-	-
Trade payables	57,523.14	51,229.08	-	-	57,523.14	51,229.08	-	-
Liability for capital goods	370.70	752.27	-	-	370.70	752.27	-	-
Interest accrued on borrowings	1,257.72	1,902.42	-	-	1,257.72	1,902.42	-	-
Security deposits	5,128.78	3,815.52	-	-	5,128.78	3,815.52	-	-
Other payables	10,394.16	8,226.27	-	-	10,394.16	8,226.27	-	-

There has been no transfers between levels during the period. The fair values of derivatives are based on derived mark-to-market values. The management has assessed that the carrying values of financial assets and financial liabilities for which fair values are disclosed, reasonably approximate their fair values because these instruments have short term maturities.

Borrowings include Indian currency and Foreign currency long term loans wherein interest rates are linked to benchmark rates (Marginal Cost of Lending Rates/Prime Lending Rates) of respective lenders. These benchmark rates are determined based on cost of funds of the lenders, as well as, market rates. The benchmark rates are periodically revised by the lenders to reflect prevalent

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

market conditions. Accordingly, effective cost of debt for borrowings at any point of time is in line with the prevalent market rates. Due to these reasons, management is of the opinion that they can achieve refinancing, if required, at similar cost of debt, as current effective interest rates. Hence, the discounting rate for calculating the fair value of Borrowings has been taken in line with the current cost of debt.

41. Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, trade and other receivables, cash and cash equivalents, bank balances, security deposits and derivatives that are out of regular business operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's risk management is carried out by a treasury department under policies approved by the Board of Directors. The Board of Directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument that will fluctuate because of changes in market prices. Market risk comprises three types of risk i.e. interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include borrowings, derivatives financial instruments and trade payables.

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's borrowings with floating interest rates. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, without considering impact of derivatives not designated as hedges, as follows:

	March 31, 2020		March 31, 2019	
	0.5% increase	**0.5% decrease**	**0.5% increase**	**0.5% decrease**
INR Borrowings	(390.63)	390.63	(344.68)	344.68
USD Borrowings	(230.66)	230.66	(403.18)	403.18
EURO Borrowings	(15.45)	15.45	(20.95)	20.95

ii. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's foreign currency borrowings and trade payables. The summary of derivative instruments and unhedged foreign currency exposure is as below:

Derivatives (not designated as hedges) outstanding as at the reporting date

Type	**Currency**	**March 31, 2020**		**March 31, 2019**	
		Foreign currency in Lakhs	₹ in Lakhs	Foreign currency in Lakhs	₹ in Lakhs
Cross currency swaps*	EURO	28.63	2,369.82	42.46	3,298.04
Interest rate swaps*	EURO	28.63	2,369.82	42.46	3,298.04
Forward contracts	USD	808.40	61,167.95	1,258.82	87,053.76

*Amount disclosed represents the underlying principal amount of loan.

Un-hedged foreign currency exposure as at the reporting date:

	As at March 31, 2020	**As at March 31, 2019**
Rebate/discount receivable from suppliers	588.72	91.32
Trade receivables	8.51	45.88
Borrowings	955.07	5,927.54
Trade payables	3,734.01	10,213.24
Liability for capital goods	-	51.87

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

The following tables demonstrate the sensitivity to a reasonably possible change in foreign exchange rates, with all other variables held constant and without considering impact of derivatives not designated as hedges:

	March 31, 2020		March 31, 2019	
	5% increase	**5% decrease**	**5% increase**	**5% decrease**
Impact on profit before tax				
USD	(167.75)	167.75	(754.09)	754.09
GBP	-	-	(2.39)	2.39
EURO	(36.84)	36.84	(46.29)	46.29

iii. Commodity price risk

The Company's operating activities require purchase of Naphtha and Furnace Oil. Naphtha and Furnace Oil being international commodities are subject to price fluctuation on account of changes in crude oil prices, demand supply pattern and exchange rate fluctuations. The Company is generally not affected by the price volatility of Naphtha and Furnace Oil due to the extant urea pricing policies.

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments if a counterparty default on its obligations. The Company's exposure to credit risk arises majorly from trade and other receivables. Other financial assets like security deposits and bank deposits are mostly with government authorities and scheduled banks and hence, the Company does not expect any credit risk with respect to these financial assets.

Trade Receivables

The Trade receivables can be classified into two categories, from the customers and from the Government in the form of subsidy/ concession. The concession/subsidy receivable classified under trade receivables amounting to ₹ 110,741.62 Lakhs (March 31, 2019: ₹ 111,542.63 Lakhs) is receivable from the Government of India in the form of subsidy and being of sovereign nature credit risk is not perceived. The receivables from customers also include ₹ 8,382.23 Lakhs (March 31, 2019: ₹ 7414.20 Lakhs) recievable from related party on which management does not expect any challenge in realisation. Further, as per terms agreed with related parties, interest is also charged on the overdue balances.

From market receivables from customers, the Company extends credit to customers in the normal course of business. The Company considers factors such as credit track record in the market and past dealings for extending credit to customers. The Company monitors the track record of the payments by the customers and the receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, since the customer base is large and located in several jurisdictions and operate in largely independent markets. The Company has also taken security deposits from its customers, which mitigate the credit risk to some extent. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 10. The Company holds collateral as security for many of its customers. At March 31, 2020 8.62% (31 March 2019: 5.52%) of the Company's trade receivables from customers are covered by collateral security.

An impairment analysis is performed at the reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure of the Company's trade receivables from customers using provision matrix:

	Contract Assets	<1 Yr	1-2 Yr	2-3 Yr	3-4 Yr	4-5 Yr	>5 Yr	Grand Total
March 31, 2020	**ECL Rate**	**0.15%**	**3.69%**	**8.23%**	**12.29%**	**26.34%**	**100.00%**	
	Gross carrying amount	25,943.40	1,683.73	1,706.83	929.59	530.24	5.41	30,799.20
	ECL - simplified approach	38.08	62.09	140.53	114.28	139.64	5.41	500.03
	Net Carrying Amount	**25,905.32**	**1,621.64**	**1,566.30**	**815.31**	**390.60**	**0.00**	**30,299.17**

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

Reconciliation of provision for doubtful debts and other assets

	As at March 31, 2020	As at March 31, 2019
Doubtful debts		
Balance at the beginning of the year	425.49	425.49
Add: Provision made during the year*	941.01	-
Balance at the end of the year	**1,366.50**	**425.49**
Other assets		
Balance at the beginning of the year	1,055.53	161.30
Add: Provision made during the year	316.90	894.23
Balance at the end of the year	**1,372.43**	**1,055.53**

* Includes specific provision identified by the management amounting to ₹ 440.98 Lakhs

(c) Liquidity risk

The Company's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements at all times. The Company relies on a mix of borrowings and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium/long term expansion needs. The Company monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below summarises the maturity profile of the Company's financial liabilities:

	Maturities				
	Upto 1 year	1-3 years	3-5 years	Above 5 years	Total
March 31, 2020					
Non-current borrowings	7,003.74	14,116.13	6,157.21	-	27,277.08
Lease liabilities	72.55	75.37	110.78	1,908.49	2,167.19
Current borrowings	121,177.78	-	-	-	121,177.78
Trade payables	57,523.14	-	-	-	57,523.14
Other financial liabilities	10,287.74	275.66	-	-	10,563.40
Total	**196,064.95**	**14,467.16**	**6,267.99**	**1,908.49**	**218,708.59**
March 31, 2019					
Non-current borrowings	4,955.25	14,420.33	12,611.99	-	31,987.57
Current borrowings	139,314.13	-	-	-	139,314.13
Trade payables	51,229.08	-	-	-	51,229.08
Other financial liabilities	13,016.35	546.19	-	-	13,562.54
Total	**208,514.81**	**14,966.52**	**12,611.99**	**-**	**236,093.32**

42. Note on COVID-19

The outbreak of Coronavirus (COVID -19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Nationwide total lockdown announced from 25 March 2020 due to COVID-19 pandemic was gradually lifted based on the impact of outbreak. The agriculture and fertilizer sector remain relatively unaffected on demand side, the Company's operation have not been affected significantly on account of COVID-19 despite some issues relating to non-availability of labour and supply chain disruptions. The proactive support and relaxations extended by the Central and respective State Governments helped Company's production, distribution and sale of fertilizers and crop protection chemicals to remain unaffected. The Company has been able to operate its plants at normal levels by mobilizing critical work force and adopting stringent social distancing, safety measures and guidelines issued in this regard.

Further, the Company has also assessed the impact of this pandemic on recoverability of carrying value of financial and non-financial assets as at the balance sheet date using various internal and external information up to the date of approval of these financial statements. The management has also performed sensitivity analysis on the assumptions used and based on present estimates, believes that the carrying amount is considered to be recoverable and accordingly no further adjustments is required in the financial statements.

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The impact of COVID-19 may be different from that estimated as at the date of approval of these financial statments and the Company will continue to monitor any material changes to future economic conditions.

43. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity shareholders. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and capital ratios in order to support its business and maximise shareholder value.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital. The Company includes within net debt, all non-current and current borrowings reduced by cash and cash equivalents and other bank balances.

	Notes	As at March 31, 2020	As at March 31, 2019
Non-current borrowings	15	22,367.98	27,032.32
Current maturities of non-current borrowings	16	7,076.29	4,955.25
Current borrowings	19	121,177.78	139,314.13
Less: Cash and cash equivalents	11	21,299.40	4,164.72
Less: Other bank balances (excluding unpaid dividend accounts)	12	1,561.10	570.00
Net debt (A)		**127,761.55**	**166,566.98**
Equity share capital	13	11,854.87	11,854.87
Other equity	14	42,703.38	37,661.32
Total equity (B)		**54,558.25**	**49,516.19**
Gearing ratio (A / B)		**234%**	**336%**

In order to achieve this overall objective, the Company's capital management, amongst other things, also ensures that it meets financial covenants attached to the interest bearing borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2020 and March 31, 2019.

As per our report of even date

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Pravin Tulsyan**
Partner
Membership Number: 108044

Place of Signature: New Delhi
Date: June 12, 2020

For and on behalf of the Board of Directors of Mangalore Chemicals and Fertilizers Limited

N. Suresh Krishnan
Managing Director
DIN : 00021965

K. Prabhakar Rao
Director - Works
DIN : 00898513

T.M. Muralidharan
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary

Date: June 12, 2020

Mangalore Chemicals & Fertilizers Limited

Registered Office: Level 11, UB Tower, UB City, No. 24, Vittal Mallya Road, Bengaluru – 560 001
Tel. No. 080-4585 5599, Fax No. 080-4585 5588
email : shares.mcfl@adventz.com Website : www.mangalorechemicals.com
CIN : L24123KA1966PLC002036

Dear Shareholder,

Sub: Dividend

You will be aware that the Board of Directors of the Company, at its meeting held on June 12, 2020, has recommended a dividend of ₹ 0.50 per equity share of ₹ 10/- subject to the approval of the members at the Annual General Meeting scheduled to be held on September 15, 2020.

To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrants, the Company has provided a facility to the members for remittance of dividend through the National Electronic Clearing Services (NECS). NECS essentially operates on the new and unique bank account number allotted by banks post implementation of Core Banking Solution(CBS) for centralized processing on inward instructions and efficiency in handling bulk transaction. This facility is available at locations identified by Reserve Bank of India from time to time. This is in addition to the existing facility of ECS in other locations.

Members holding shares in electronic mode are requested to intimate all changes pertaining to their bank details to their Depository Participant in order to arrange the dividend payment by NECS or through warrant by printing the bank details, as the case may be.

Members who hold shares in physical form and desirous of availing this facility are requested to use the format below, to furnish the bank details of the first named shareholder and send the same to the Company/ Share Transfer Agent, not later than September 11, 2020 to update the bank details and arrange the dividend payment by NECS or through dividend warrant by printing the bank details, as the case may be.

TEAR OFF

Mangalore Chemicals & Fertilizers Limited

Registered Office: Level 11, UB Tower, UB City, No. 24, Vittal Mallya Road, Bengaluru – 560 001
Tel. No. 080-4585 5599, Fax No. 080-4585 5588
email : shares.mcfl@adventz.com Website : www.mangalorechemicals.com
CIN : L24123KA1966PLC002036

NECS/ECS Mandate/Bank details updation Form

For the use of members holding shares in physical form only

I/We hereby provide the Bank account details of the first named shareholder for arranging payment of dividend through NECS/ECS, if available for the location OR to print the bank details on the dividend warrant as the case may be.

1.	Folio number	
2.	Name of the first named shareholder	
3.	Bank name	
4.	Bank account number (Core Banking No.)	
5.	Account type (SB/OD/CURR/NRO)	
6.	Nine Digit MICR code appearing on the cheque issued by the bank	Please attach a photocopy of the cheque leaf pertaining to the above account for verification/acceptance.

I/We hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I/We will not hold the Company responsible.

1. ____________________ 2. ____________________ 3. ____________________

Signature of shareholder(s)

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If undelivered, please return to:

Mangalore Chemicals & Fertilizers Ltd.,
Level 11, UB Tower, UB City,
24, Vittal Mallya Road,
Bengaluru - 560 001
www.mangalorechemicals.com