



# **MANGALORE CHEMICALS AND FERTILIZERS LIMITED**

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## **STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2020**

(Rupees in Lakhs)

Particulars	3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Year to date figures for current period ended	Year to date figures for previous period ended	Previous year ended
	30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>1 INCOME</b>						
(a) Revenue from contracts with customers (Refer Note 4 and 5)	68,873.96	52,979.47	73,072.20	121,853.43	147,179.60	271,084.42
(b) Other income	794.80	747.62	661.33	1,542.42	1,164.14	2,321.72
<b>Total income</b>	<b>69,668.76</b>	<b>53,727.09</b>	<b>73,733.53</b>	<b>123,395.85</b>	<b>148,343.74</b>	<b>273,406.14</b>
<b>2 EXPENSES</b>						
(a) Cost of materials consumed	32,789.28	28,756.29	39,698.74	61,545.57	70,299.63	140,030.22
(b) Purchases of stock-in-trade	10,509.30	3,953.25	2,127.78	14,462.55	11,943.37	22,602.71
(c) Change in inventories of finished goods, stock-in-trade and work-in-progress	1,265.68	2,686.33	5,631.31	3,952.01	20,712.98	22,056.77
(d) Employee benefits expense	1,786.87	1,715.57	1,784.56	3,502.44	3,648.84	7,086.26
(e) Finance costs	2,178.98	2,646.46	3,225.17	4,825.44	7,009.04	11,147.69
(f) Depreciation and amortisation expense	1,090.38	1,144.77	1,145.90	2,235.15	2,226.34	4,537.36
(g) Other expenses	13,760.67	11,058.56	16,425.16	24,819.23	28,796.23	58,901.31
<b>Total expenses</b>	<b>63,381.16</b>	<b>51,961.23</b>	<b>70,038.62</b>	<b>115,342.39</b>	<b>144,636.43</b>	<b>266,362.32</b>
<b>3 Profit before tax (1-2)</b>	<b>6,287.60</b>	<b>1,765.86</b>	<b>3,694.91</b>	<b>8,053.46</b>	<b>3,707.31</b>	<b>7,043.82</b>
<b>4 Tax expense/(credit)</b>						
(a) Current tax (MAT)	1,125.00	314.00	811.00	1,439.00	811.00	1,483.00
(b) Deferred tax charge/(credit)	1,106.43	350.86	621.18	1,457.29	638.22	(894.50)
<b>Total tax expense</b>	<b>2,231.43</b>	<b>664.86</b>	<b>1,432.18</b>	<b>2,896.29</b>	<b>1,449.22</b>	<b>588.50</b>
<b>5 Profit from the period/year (3-4)</b>	<b>4,056.17</b>	<b>1,101.00</b>	<b>2,262.73</b>	<b>5,157.17</b>	<b>2,258.09</b>	<b>6,455.32</b>
<b>6 Other comprehensive income/(loss)</b>						
Items that will not be reclassified to profit or loss in subsequent periods						
Re-measurement gains/(losses) on defined benefit plan	19.74	(10.92)	9.23	8.82	(36.62)	23.83
Income tax effect on above	(6.89)	3.81	(3.22)	(3.08)	12.80	(8.33)
<b>Total other comprehensive income/(loss)</b>	<b>12.85</b>	<b>(7.11)</b>	<b>6.01</b>	<b>5.74</b>	<b>(23.82)</b>	<b>15.50</b>
<b>7 Total comprehensive income (5+6)</b>	<b>4,069.02</b>	<b>1,093.89</b>	<b>2,268.74</b>	<b>5,162.91</b>	<b>2,234.27</b>	<b>6,470.82</b>
<b>8 Paid-up equity share capital (Face value of Rs. 10 per share)</b>	<b>11,854.87</b>	<b>11,854.87</b>	<b>11,854.87</b>	<b>11,854.87</b>	<b>11,854.87</b>	<b>11,854.87</b>
<b>9 Other equity</b>						<b>42,703.38</b>
<b>10 Earnings per equity share (of Rs. 10/- each) (not annualised for quarters):</b>						
(a) Basic (in Rs.)	3.42	0.93	1.91	4.35	1.90	5.45
(b) Diluted (in Rs.)	3.42	0.93	1.91	4.35	1.90	5.45

See accompanying notes to the unaudited financial results

Notes:

1. The unaudited financial results for the quarter ended September 30, 2020 and year to date period from April 1, 2020 to September 30, 2020 of Mangalore Chemicals and Fertilizers Limited ("the Company") have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on November 03, 2020.
2. The unaudited financial results have been prepared in accordance with the applicable Standards prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
3. The Company is engaged in the manufacture, sale and trading of fertilisers which constitutes a single operating segment as per Ind AS 108 and hence separate segment disclosures have not been furnished.
4. The urea concession income for the year has been recognized based on management's estimate, in respective year, pending finalization by the Government of India ('GOI'). Revenue for the year ended March 31, 2020 include additional urea concession income of Rs. 1,053.65 Lakhs relating to immediately preceding financial year recognized on finalization of escalation/de-escalation claims.
5. The Company during the period ended September 30, 2020 has recognised urea subsidy income of Rs. 2,623 Lakhs based on higher energy norms that was effective till the period ended March 31, 2020 which was extended to gas based urea units till September 30, 2020 and Rs. 3,381 lakhs without benchmarking its cost of production of urea by using naphtha with that of gas price of fertilizer companies recently converted to natural gas. The Company had made several representations to the Department of Fertilizers (DoF) with regard to the extension of the aforesaid higher energy norms till gas pipeline connectivity is established by GAIL to the Company's production plant and removal of the aforesaid benchmarking. However, the representation of the Company with regard to the extension of higher energy norm was not considered by the DoF vide letter dated September 22, 2020. Aggrieved by the response, on October 1, 2020, the Company has filed a writ petition against the DoF, which is pending before the Hon'ble High court of Delhi and based on legal opinion, the management is confident of realisation of the aforesaid subsidy income.
6. During the previous year, 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 Rs. 2,056.87 lakhs has been recorded in the financial results for the quarter and year ended March 31, 2020.
7. The Company had claimed and received refund of GST input tax credit on input services of Rs. 1,206.29 Lakhs till April 17, 2018 and has further recognized such input tax credit of Rs. 6,152.23 Lakhs for subsequent period till September 30, 2020. The Company has utilized Rs. 5,271.24 Lakhs based on a tax advice obtained in this regard. Based on a tax opinion and considering such credit is available for utilization, the management is confident of utilization / refund of aforesaid balance input tax credit.
8. The Ammonia, Urea and ABC plants of the Company were shutdown for planned maintenance activities on February 20, 2020 and restarted the operations from April 18, 2020 after completion of maintenance activities. DAP plant was shutdown on September 15, 2020 for planned maintenance which was resumed on October 9, 2020.
9. In this unprecedented COVID-19 pandemic situation, with the support and relaxations extended by the Central and respective State Governments, the Company has been able to operate at normal levels by mobilizing critical work force and adopting stringent social distancing/ safety measures.

Further, the Company has assessed the impact of this pandemic on recoverability of carrying value of financial and non-financial assets using various internal and external information up to the date of approval of these unaudited financial results and concluded that there is no material adjustments required at this stage in the unaudited financial results of the Company for the period/quarter ended September 30, 2020. 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 unaudited financial results and the Company will continue to monitor the impact of the same.

# 10. Statement of Assets and Liabilities

(Rupees in Lakhs)

	As at September 30, 2020 Unaudited	As at March 31, 2020 Audited
<b>ASSETS</b>		
<b>Non-current assets</b>		
(a) Property, plant and equipment	59,203.68	60,575.47
(b) Capital work-in-progress	6,024.83	4,646.97
(c) Intangible assets	164.54	177.94
(d) Financial assets		
(i) Loans	934.70	905.05
(ii) Others	21.54	20.36
(e) Income tax assets (net)	-	23.04
(f) Other non-current assets	5,551.65	4,733.69
	71,900.94	71,082.52
<b>Current assets</b>		
(a) Inventories	17,541.72	24,611.39
(b) Financial assets		
(i) Investments	0.10	0.10
(ii) Trade receivables	108,264.57	144,630.65
(iii) Cash and cash equivalents	27,195.74	21,299.40
(iv) Other bank balances	3,032.07	1,759.71
(v) Others	3,194.64	4,147.16
(c) Other current assets	13,208.98	12,778.64
	172,437.82	209,227.05
<b>Total assets</b>	244,338.76	280,309.57
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity share capital	11,854.87	11,854.87
(b) Other equity	47,866.29	42,703.38
	59,721.16	54,558.25
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	19,051.63	22,367.98
(ii) Others	223.69	275.66
(b) Provisions	1,474.26	1,413.75
(c) Deferred tax liabilities (net)	2,329.57	869.20
	23,079.15	24,926.59
<b>Current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	87,486.75	121,177.78
(ii) Trade payables		
a) total outstanding dues of micro enterprises and small enterprises	716.12	456.29
b) total outstanding dues of creditors other than micro enterprises and small enterprises	50,518.67	57,066.85
(iii) Others	19,265.10	17,364.03
(b) Income tax liabilities (net)	1,125.53	-
(c) Other current liabilities	1,290.77	3,567.48
(d) Provisions	1,135.51	1,192.30
	161,538.45	200,824.73
<b>Total equity and liabilities</b>	244,338.76	280,309.57

# 11. Statement of Cash Flows

(Rupees in Lakhs)

	For the period ended September 30, 2020	For the period ended September 30, 2019
	Unaudited	Unaudited
<b>A Cash flow from operating activities</b>		
Profit before tax	8,053.46	3,707.31
Adjustments for:		
Depreciation and amortisation expense	2,235.15	2,226.34
Net loss on disposal of property, plant and equipment	75.41	55.05
Fair value loss/(gain) on financial instruments at fair value through profit or loss	2,712.27	(1,748.74)
Unrealised foreign exchange differences (net)	(1,426.57)	1,788.61
Finance costs	4,825.44	7,009.04
Interest income	(928.47)	(1,058.03)
Liabilities no longer required written back	-	(48.19)
<b>Operating profits before working capital changes</b>	<b>15,546.69</b>	<b>11,931.39</b>
<b>Movement in working capital:</b>		
Decrease in Inventories	7,069.67	25,503.21
Decrease in Trade receivables	36,366.08	37,836.98
Decrease /(increase) in Other financial assets	72.66	(114.40)
(Increase) in Other assets	(427.31)	(3,832.63)
(Decrease) in Trade payables	(5,948.70)	(1,046.13)
(Decrease) /increase in Other financial liabilities	(84.87)	1,216.52
(Decrease) in Other current liabilities and provisions	(2,264.17)	(583.49)
<b>Cash generated from operations</b>	<b>50,330.05</b>	<b>70,911.45</b>
Direct taxes paid (net)	(290.43)	(485.36)
<b>Net cash flow from operating activities (A)</b>	<b>50,039.62</b>	<b>70,426.09</b>
<b>B Cash flow from investing activities</b>		
Purchase of property, plant and equipment including capital work-in-progress and capital advances	(3,021.39)	(4,292.27)
Proceeds from sale of property, plant and equipment	8.77	-
Purchase of investments	-	(0.10)
Investments in bank deposits (having original maturity of more than three months)	(711.26)	(13,202.96)
Redemption/maturity of bank deposits (having original maturity of more than three months)	31.51	5.00
Interest received	195.43	353.22
<b>Net cash (used in) investing activities (B)</b>	<b>(3,496.94)</b>	<b>(17,137.11)</b>
<b>C Cash flow from financing activities</b>		
Proceeds from long-term borrowings	1,052.82	215.31
Repayment of long-term borrowings	(3,356.69)	(2,662.20)
Proceeds from/(repayment of) short-term borrowings (net)	(32,495.75)	(28,566.93)
Finance cost paid	(5,254.11)	(6,737.07)
Dividend paid to equity shareholders	(592.61)	(1,185.15)
Dividend distribution tax paid	-	(243.61)
<b>Net cash flow (used in) financing activities (C)</b>	<b>(40,646.34)</b>	<b>(39,179.65)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>5,896.34</b>	<b>14,109.33</b>
Cash and cash equivalents at the beginning of the period	21,299.40	4,164.72
<b>Cash and cash equivalents at the end of the period</b>	<b>27,195.74</b>	<b>18,274.05</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	2.98	2.67
Bank balances on current accounts	804.64	3,948.13
Bank balances on deposit accounts with original maturity of three months or less	26,386.12	14,323.25
<b>Total cash and cash equivalents</b>	<b>27,195.74</b>	<b>18,274.05</b>

12. The Board of Directors of the Company at its meeting held on June 12, 2020 had recommended dividend of Re.0.50 per equity share of Rs. 10 each amounting to Rs. 593 Lakhs for the year ended March 31, 2020, which was approved at the annual general meeting held on September 15, 2020.

For and on behalf of the Board of Directors

Date: November 03, 2020

N Suresh Krishnan  
Managing Director