



MANGALORE CHEMICALS AND FERTILIZERS LIMITED

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

(Rupees in Lakhs)

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

*Refer Note 9

See accompanying notes to the audited financial results

Statement of Assets and Liabilities
(Rupees in Lakhs)

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

Statement of Cash Flows
(Rupees in Lakhs)

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

Notes:

1. The audited financial results for the quarter ended and year ended March 31, 2022 of Mangalore Chemicals and Fertilizers Limited (“the Company”) have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on May 17, 2022.
2. The audited financial results have been prepared in accordance with the Indian Accounting Standards (“Ind AS”) prescribed under Section 133 of the Companies Act, 2013, read with relevant Rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
3. The Company is engaged in the manufacture, sale and trading of fertilisers which constitutes a single operating segment as per Ind AS 108 and hence separate segment disclosures have not been furnished.
4. The urea concession income for the quarter / year has been recognized based on management’s estimate, pending finalization by the Government of India (‘GOI’).
5. The Company had during the year ended March 31, 2021 recognised urea subsidy income of INR 2,914 Lakhs without benchmarking its cost of production using naphtha with that of gas-based urea manufacturing units recently converted to natural gas, as notified by the Department of Fertilizers [DoF] for subsidy income computation, against which the Company had filed a writ petition against the DoF before the Hon’ble High Court of Delhi [DHC]. Pending finalization of writ petition before the DHC, the management, based on legal opinion and considering the fact that the energy cost is always a pass through in subsidy computation, believes that artificial benchmarking is arbitrary and discriminatory and is confident of realisation of the aforesaid subsidy income.
6. Consequent to reassessment of uncertainty over eventual realization arising due to the order of DoF against the Company (challenged by a writ petition which is pending before DHC), during the year ended March 31, 2021, the Company derecognized subsidy income of INR 2,686 Lakhs relating to higher energy norms which was recognized till December 31, 2020 of fiscal year ended 31 March 2021.
7. The Board of Directors of the Company has proposed dividend of INR 1.20 per equity share of INR 10 each amounting to INR 1,422.18 Lakhs for the year ended March 31, 2022. The proposed dividend on equity shares is subject to approval at the ensuing annual general meeting and accordingly have not been recognized as a liability.
8. The Code on Social Security, 2020 (‘Code’) relating to employee benefits received Presidential assent in September 2020. However, effective date and the final Rules/ interpretation have not yet been notified / issued. The Company is in the process of assessing the impact of the Code and will recognize the impact, if any, based on its effective date.
9. The figures of the quarter ended March 31, 2022 / 2021 are the balancing figures between the audited figures in respect of the financial year up to March 31, 2022 / 2021 and the unaudited published year-to-date figures up to December 31, 2021 / 2020 being the date of the end of third quarter of the financial year which were subjected to limited review.

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

For and on behalf of the Board of Directors

Date: May 17, 2022

Shubhabrata Saha
Managing Director