



MANGALORE CHEMICALS AND FERTILIZERS LIMITED

Registered Office : Level 11, UB Tower, UB City, 24, Vittal Mallya Road, Bengaluru - 560 001

Phone: 080-45855399, Fax: 080-45855388 CIN: L24123KA1966PLC002036

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

STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2020

Particulars	(Rupees in Lakhs)				
	3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Current year ended	Previous year ended
	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
	Audited*	Unaudited	Audited*	Audited	Audited
1 INCOME					
(a) Revenue from contracts with customers (Refer Note 4)	56,319.78	67,585.04	64,309.46	271,084.42	307,363.76
(b) Other income	462.37	695.21	319.04	2,321.72	1,203.47
Total income	56,782.15	68,280.25	64,628.50	273,406.14	308,567.23
2 EXPENSES					
(a) Cost of materials consumed	32,629.49	37,101.10	34,811.80	140,030.22	157,092.20
(b) Purchases of stock-in-trade	2,536.18	8,123.16	14,209.11	22,602.71	74,365.48
(c) Change in inventories of finished goods, stock-in-trade and work-in-progress	2,375.92	(1,032.13)	(26.82)	22,056.77	(9,870.88)
(d) Employee benefits expense	1,621.44	1,815.98	1,720.51	7,086.26	7,070.62
(e) Finance costs	1,735.50	2,403.15	3,121.95	11,147.69	11,101.93
(f) Depreciation and amortisation expense	1,184.87	1,126.15	1,041.59	4,537.36	3,877.90
(g) Other expenses	14,160.92	15,944.16	10,801.11	58,901.31	59,915.94
Total expenses	56,244.32	65,481.57	65,679.25	266,362.32	303,553.19
3 Profit/(Loss) before tax (1-2)	537.83	2,798.68	(1,050.75)	7,043.82	5,014.04
4 Tax expense/(credit)					
(a) Current tax (MAT)	278.00	394.00	(224.00)	1,483.00	1,268.00
(b) Deferred tax (credit)/charge	(2,127.50)	594.78	(231.54)	(894.50)	458.11
Total tax expense	(1,849.50)	988.78	(455.54)	588.50	1,726.11
5 Profit/(loss) from the period/year (3-4)	2,387.33	1,809.90	(595.21)	6,455.32	3,287.93
6 Other comprehensive income/(loss)					
Items that will not be reclassified to profit or loss in subsequent periods					
Re-measurement gains/(losses) on defined benefit plan	89.79	(29.34)	0.55	23.83	(116.15)
Income tax effect on above	(31.38)	10.25	(0.19)	(8.33)	40.59
Total other comprehensive income/(loss)	58.41	(19.09)	0.36	15.50	(75.56)
7 Total comprehensive income/(loss) (5+6)	2,445.74	1,790.81	(594.85)	6,470.82	3,212.37
8 Paid-up equity share capital (Face value of Rs. 10 per share)	11,854.87	11,854.87	11,854.87	11,854.87	11,854.87
9 Other equity				42,703.38	37,661.32
10 Earnings per equity share					
(of Rs. 10/- each) (not annualised for quarters):					
(a) Basic (in Rs.)	2.02	1.53	(0.51)	5.45	2.77
(b) Diluted (in Rs.)	2.02	1.53	(0.51)	5.45	2.77

*Refer Note 11

See accompanying notes to the financial results



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STATEMENT OF ASSETS AND LIABILITIES

(Rupees in Lakhs)

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



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STATEMENT OF CASH FLOWS

(Rupees in Lakhs)

	For the year ended March 31, 2020	For the year ended March 31, 2019
	Audited	Audited
A Cash flow from operating activities		
Profit before tax	7,043.82	5,014.04
<u>Adjustments to reconcile profit before tax to net cash flows:</u>		
Depreciation and amortisation expense	4,537.36	3,877.90
Net loss on disposal of property, plant and equipment	280.82	325.37
Allowance for trade receivables and doubtful advances	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	11,147.69	11,101.93
Interest income	(2,135.01)	(994.26)
Others	-	(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)
Proceeds from/(repayment of) short-term borrowings (net)	(21,296.70)	27,711.93
Finance cost paid	(11,792.39)	(10,070.33)
Dividend paid to equity shareholders	(1,185.15)	(1,185.15)
Dividend distribution tax paid	(243.61)	(243.61)
Net cash (used in)/flow from financing activities (C)	(39,267.67)	24,964.05
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	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		
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

Notes:

1. The financial results for the quarter and year ended March 31, 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 June 12, 2020. The Statutory Auditors have given an unqualified opinion on the above results.
2. The 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 quarter and year ended March 31, 2020 and March 31, 2019 has been recognized based on management's estimate, in respective periods, pending finalization by the Government of India ('GOI'). Revenue for the quarter and year ended March 31, 2020 include additional urea concession income of Rs. 1,053.65 Lakhs and that for the year ended March 31, 2019 include additional urea concession income of Rs. 3,050.79 Lakhs, relating to respectively immediately preceeding financial years recognized on finalization of escalation/de-escalation claims.
5. Effective April 1, 2019, the Company has adopted Ind AS 116 which replaces Ind AS 17 on Leases. The Company has used the modified retrospective approach for transition and consequently comparatives for previous period / year have not been restated. This has resulted in recognition of right-of-use assets and corresponding lease liabilities of Rs. 2,015.20 Lakhs as at April 1, 2019. The net impact of adopting this standard on the financial results and earnings per share is not material.
6. During the current quarter and 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 Rs. 2,056.87 lakhs has been recorded in the financial results for current quarter and in the year ended March 31, 2020.
7. The Company had claimed refund of GST input tax credit on input services of Rs. 1,206.29 Lakhs till April 17, 2018 which was subsequently refunded and has further recognized such input tax credit of Rs. 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.
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.
9. The Board of Directors of the Company has proposed dividend of Re. 0.50 per equity share of Rs. 10 each amounting to Rs. 592.58 Lakhs for the year ended March 31, 2020. 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.

10. 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 results. 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 results.

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 results and the Company will continue to monitor any material changes to future economic conditions.

11. The figures of the last quarter ended March 31, 2020 / 2019 are the balancing figures between audited figures in respect of the full financial year up to March 31, 2020 / 2019 and the unaudited published year-to-date figures up to December 2019 / 2018 being the date of the end of the third quarter of the financial year which were subjected to limited review.

For and on behalf of the Board of Directors

June 12, 2020

N Suresh Krishnan
Managing Director