



MANGALORE CHEMICALS AND FERTILIZERS LIMITED

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STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2022

(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 half year ended	Year to date figures for previous half year ended	Previous year ended
	30.09.2022	30.06.2022	30.09.2021	30.09.2022	30.09.2021	31.03.2022
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 INCOME						
(a) Revenue from contracts with customers (Refer Note 4 and 5)	28,338.55	102,128.81	72,781.98	130,467.36	141,501.09	289,558.30
(b) Other income	639.36	588.80	592.91	1,228.16	1,186.35	2,427.06
Total income	28,977.91	102,717.61	73,374.89	131,695.52	142,687.44	291,985.36
2 EXPENSES						
(a) Cost of materials consumed	24,337.63	58,354.74	46,483.60	82,692.37	83,290.91	186,934.66
(b) Purchases of traded goods	2,033.45	85.77	190.21	2,119.22	6,257.18	6,416.91
(c) Change in inventories of finished goods, traded goods and work-in-progress	(4,053.24)	14,160.02	(1,127.12)	10,106.78	(141.47)	(13,122.69)
(d) Employee benefits expense	1,876.34	1,842.00	1,852.03	3,718.34	3,603.32	6,962.64
(e) Finance costs	2,420.00	1,947.72	1,278.25	4,367.72	2,338.10	4,940.42
(f) Depreciation and amortisation expense	1,275.82	1,254.42	1,260.24	2,530.24	2,534.06	5,055.75
(g) Other expenses	6,035.47	21,392.63	18,883.69	27,428.10	36,476.45	81,331.66
Total expenses	33,925.47	99,037.30	68,820.90	132,962.77	134,358.55	278,519.35
3 Profit/(Loss) before tax (1-2)	(4,947.56)	3,680.31	4,553.99	(1,267.25)	8,328.89	13,466.01
4 Tax expense						
(a) Current tax (Minimum Alternate Tax)	(656.00)	656.00	812.00	-	1,490.00	2,350.00
(b) Deferred tax charge / (credit)	(1,072.77)	744.17	844.34	(328.60)	1,508.50	2,329.88
Total tax expense /(credit)	(1,728.77)	1,400.17	1,656.34	(328.60)	2,998.50	4,679.88
5 Profit/(Loss) for the period/year (3-4)	(3,218.79)	2,280.14	2,897.65	(938.65)	5,330.39	8,786.13
6 Other comprehensive income/(loss)						
Items that will not be reclassified to profit or loss						
Re-measurement gains/(losses) on defined benefit plan	(39.97)	46.28	(56.71)	6.31	(63.05)	(31.15)
Income tax effect on above	13.97	(16.17)	19.81	(2.20)	22.03	10.88
Total other comprehensive income/(loss)	(26.00)	30.11	(36.90)	4.11	(41.02)	(20.27)
7 Total comprehensive income/(loss) (5+6)	(3,244.79)	2,310.25	2,860.75	(934.54)	5,289.37	8,765.86
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	11,854.87
9 Other equity						56,452.12
10 Earnings per equity share (of INR 10/- each) (not annualised for periods):						
(a) Basic (in INR)	(2.71)	1.92	2.45	(0.79)	4.50	7.41
(b) Diluted (in INR)	(2.71)	1.92	2.45	(0.79)	4.50	7.41

See accompanying notes to the unaudited financial results

Statement of Assets and Liabilities
(Rupees in Lakhs)

	As at September 30, 2022	As at March 31, 2022
	Unaudited	Audited
<u>ASSETS</u>		
Non-current assets		
(a) Property, plant and equipment	107,313.08	55,294.34
(b) Capital work-in-progress	1,030.37	31,738.51
(c) Right-of-use assets	1,674.04	1,859.41
(d) Intangible assets	131.88	107.91
(e) Financial assets		
(i) Others	599.18	616.86
(f) Income tax assets (net)	1,585.60	-
(g) Other non-current assets	748.07	1,286.27
	113,082.22	90,903.30
Current assets		
(a) Inventories	25,970.57	42,977.47
(b) Financial assets		
(i) Investments	0.10	0.10
(ii) Trade receivables	70,345.62	66,502.77
(iii) Cash and cash equivalents	13,809.24	48,207.20
(iv) Other bank balances	5,635.01	7,514.35
(v) Others	6,837.09	5,491.58
(c) Other current assets	13,329.55	10,293.67
	135,927.18	180,987.14
Total assets	249,009.40	271,890.44
<u>EQUITY AND LIABILITIES</u>		
Equity		
(a) Equity share capital	11,854.87	11,854.87
(b) Other equity	54,095.40	56,452.12
	65,950.27	68,306.99
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	33,463.77	21,815.13
(ia) Lease liabilities	1,810.23	2,068.09
(ii) Others	-	15.14
(b) Provisions	1,094.41	1,134.73
(c) Deferred tax liabilities (net)	4,780.31	5,106.70
	41,148.72	30,139.79
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	107,609.47	112,346.47
(ia) Lease liabilities	35.06	45.66
(ii) Trade payables		
a) total outstanding dues of micro enterprises and small enterprises	827.29	1,057.85
b) total outstanding dues of creditors other than micro enterprises and small enterprises	19,059.73	39,419.36
(iii) Others	11,646.65	17,072.72
(b) Liabilities for current tax (net)	-	730.91
(c) Other current liabilities	1,645.98	1,742.73
(d) Provisions	1,086.23	1,027.96
	141,910.41	173,443.66
Total equity and liabilities	249,009.40	271,890.44

Statement of Cash Flows

(Rupees in Lakhs)

	For the half year ended	For the half year ended
	September 30, 2022	September 30, 2021
	Unaudited	Unaudited
A Operating activities		
Profit/(loss) before tax	(1,267.25)	8,328.89
<u>Adjustments to reconcile profit/(loss) before tax to net cash flows:</u>		
Depreciation and amortisation expense	2,530.24	2,534.06
Net loss on disposal of property, plant and equipment	164.01	147.66
Provision for impairment of trade receivables	-	131.21
Fair value loss/(gain) on financial instruments at fair value through profit or loss	(1,848.86)	(512.83)
Unrealised foreign exchange differences (net)	809.99	492.29
Finance costs	4,367.72	2,338.10
Interest income	(1,002.06)	(1,075.61)
Liabilities no longer required written back	(107.09)	(38.06)
Operating profits before working capital changes	3,646.70	12,345.71
Working capital changes:		
(Increase)/decrease in Inventories	17,006.90	(3,780.01)
(Increase)/decrease in Trade receivables	(3,842.85)	(19,163.03)
(Increase)/decrease in Other financial assets	0.93	1,170.46
(Increase)/decrease in Other assets	(3,014.71)	(1,456.40)
(Decrease)/increase in Trade payables	(20,538.14)	7,414.57
(Decrease)/increase in Other financial liabilities	(2,952.00)	457.28
(Decrease)/increase in Other current liabilities and provisions	34.60	827.77
	(13,305.27)	(14,529.36)
Cash (used in) / generated from operations	(9,658.57)	(2,183.65)
Income tax paid	(2,316.51)	(1,159.10)
Net cash flow (used in)/from operating activities (A)	(11,975.08)	(3,342.75)
B Investing activities		
Purchase of property, plant and equipment including capital work-in-progress and capital advances	(27,121.52)	(6,765.40)
Proceeds from sale of property, plant and equipment	204.76	2.55
Investments in bank deposits (having original maturity of more than three months)	(316.80)	(14,816.88)
Redemption/maturity of bank deposits (having original maturity of more than three months)	3,486.54	3,401.00
Interest received	1,030.57	433.24
Net cash flow (used in)/from investing activities (B)	(22,716.45)	(17,745.49)
C Financing activities		
Proceeds from long-term borrowings	15,848.44	3,849.21
Repayment of long-term borrowings	(3,424.68)	(3,802.01)
Payment of principal portion of lease liabilities	(141.83)	(145.75)
Proceeds from/(repayment of) short-term borrowings (net)	(6,374.15)	1,144.73
Finance cost paid	(4,192.03)	(2,732.03)
Dividend paid to equity shareholders	(1,422.18)	(1,185.13)
Net cash flow from / (used in) financing activities (C)	293.57	(2,870.98)
Net increase in cash and cash equivalents (A+B+C)	(34,397.96)	(23,959.22)
Cash and cash equivalents at the beginning of the period	48,207.20	35,241.02
Cash and cash equivalents at the end of the period	13,809.24	11,281.80
Components of cash and cash equivalents		
Cash on hand	2.02	1.95
Balances with banks on current accounts	3,182.22	1,854.85
Balances with banks on deposit accounts with original maturity of three months or less	10,625.00	9,425.00
Total cash and cash equivalents	13,809.24	11,281.80

Notes:

1. The unaudited financial results for the quarter ended September 30, 2022 and year to date from April 1, 2022 to September 30, 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 November 03, 2022 and has been subjected to limited review by auditors.
2. The unaudited 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 period / 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. The Company has commissioned the Ammonia Energy Improvement Project and has resumed operations of Ammonia and Urea plants in September 2022, after shutdown in June 2022. The Phosphatics plant was shut down for a period of 24 days during the quarter due to unavailability of raw material.
7. The Code on Social Security, 2020 (‘Code’) relating to employee benefits received Presidential assent in September 2020. However, effective date and the final Rules/ interpretation have not yet been notified / issued. The Company is in the process of assessing the impact of the Code and will recognize the impact, if any, based on its effective date.
8. Previous year / period’s figures have been regrouped / rearranged wherever considered necessary, to conform with current period’s classification.

For and on behalf of the Board of Directors

Date: November 03, 2022

Shubhabrata Saha
Managing Director