

STATEMENT OF AUDITED FINANCIAL RESULTS
FOR THE QUARTER AND YEAR ENDED MARCH 31, 2021

Particulars	3 Months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Current year ended	Previous year ended
	31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.03.2020
1 INCOME	Audited*	Unaudited	Audited*	Audited	Audited
(a) Revenue from contracts with customers (Refer Note 4, 5 and 6)	59,841.07	32,708.32	56,319.78	214,402.82	271,084.42
(b) Other income	432.25	895.29	462.37	2,669.96	2,321.72
Total Income	60,273.32	33,403.61	56,782.15	217,072.78	273,406.14
2 EXPENSES	29,886.20	19,585.51	32,629.49	111,017.28	140,030.22
a. Cost of materials consumed	2,433.57	7,768.15	2,536.18	24,664.27	22,602.71
b. Purchases of stock-in-trade	3,067.23	(5,707.30)	2,375.92	1,311.94	22,056.77
c. Change in inventories of finished goods, stock-in-trade and work-in-progress	1,488.81	1,806.33	1,621.44	6,797.58	7,086.26
d. Employee benefits expense	1,108.31	1,749.17	1,735.50	7,682.92	11,147.69
e. Finance costs	1,617.49	1,178.58	1,184.87	5,031.22	4,537.36
f. Depreciation and amortisation expense	18,274.90	6,917.38	14,160.92	50,011.51	58,901.31
g. Other expenses	57,876.51	33,297.82	56,244.32	206,516.72	266,362.32
Total expenses	2,396.81	105.79	537.83	10,556.06	7,043.82
3 Profit/(Loss) before tax (1-2)	566.00	7.00	278.00	1,955.60	1,463.00
(a) Current tax (MAT)	415.08	18.84	(2,127.50)	1,891.21	(884.50)
(b) Deferred tax charge/(credit)	924.08	25.84	(1,849.50)	3,846.21	588.50
Total tax expense/(credit)	1,472.73	79.95	2,387.33	6,709.85	6,455.32
5 Profit from the period/year (3-4)	11,854.87	11,854.87	11,854.87	11,854.87	11,854.87
6 Other comprehensive income	11,854.87	11,854.87	11,854.87	11,854.87	11,854.87
Items that will not be reclassified to profit or loss in subsequent periods	60.08	9.11	89.79	78.01	23.83
Re-measurement gains on defined benefit plan	(20.99)	(3.19)	(31.38)	(27.26)	(8.33)
Income tax effect on above	38.09	5.92	58.41	50.75	15.50
Total other comprehensive income (5+6)	1,511.82	85.87	2,445.74	6,760.60	6,470.82
7 Total comprehensive income (5+6)	11,854.87	11,854.87	11,854.87	11,854.87	11,854.87
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	11,854.87	11,854.87	11,854.87	11,854.87	11,854.87
10 Earnings per equity share	1.24	0.07	2.02	5.66	5.45
(a) Basic (in Rs.)	1.24	0.07	2.02	5.66	5.45
(b) Diluted (in Rs.)	1.24	0.07	2.02	5.66	5.45

*Refer Note 11
See accompanying notes to the audited financial results

STATEMENT OF ASSETS AND LIABILITIES

(Rupees in lakhs)

	As at March 31, 2021	As at March 31, 2020
	Audited	Audited
ASSETS		
Non-current assets		
(a) Property, plant and equipment	59,751.46	60,575.47
(b) Capital work-in-progress	7,826.17	4,646.97
(c) Intangible assets	148.95	177.94
(d) Financial assets		
(i) Loans	556.86	905.05
(ii) Others	14.83	20.36
(e) Income tax assets (net)	8,204.79	23.04
(f) Other non-current assets	76,503.06	4,733.69
Total assets	18,138.26	71,082.52
Current assets		
(a) Inventories	18,138.26	24,611.39
(b) Financial assets		
(i) Investments	0.10	0.10
(ii) Trade receivables	50,858.53	144,630.65
(iii) Cash and cash equivalents	35,241.02	21,289.40
(iv) Other bank balances	4,979.80	1,759.71
(v) Others	4,882.76	4,147.16
(c) Other current assets	9,089.76	12,778.64
Total assets	123,190.23	209,227.05
LIABILITIES AND LIABILITIES		
Equity		
(a) Equity share capital	11,854.87	11,854.87
(b) Other equity	48,871.41	42,703.38
Total equity	60,726.28	54,558.25
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	14,816.25	22,367.98
(ii) Trade payables	100.76	275.66
(b) Others	1,212.91	1,413.75
(c) Provisions	2,787.70	869.20
(d) Deferred tax liability (net)	18,917.62	24,926.59
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	65,871.61	121,177.78
(ii) Trade payables	925.80	456.29
(b) Others	31,962.40	57,066.85
(c) Income tax liabilities (net)	19,063.30	17,364.03
(d) Other current liabilities	1,148.66	3,567.48
(e) Provisions	1,192.30	1,192.30
Total equity and liabilities	199,693.29	280,309.57

Statement of Cash Flows

(Rupees in lakhs)

	For the year ended March 31, 2021	For the year ended March 31, 2020
	Audited	Audited
A Cash flow from operating activities		
Profit before tax	10,556.06	7,043.82
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expense	5,031.22	4,537.36
Net loss on disposal of property, plant and equipment	226.08	280.82
Allowance for doubtful advances	1,101.96	316.90
Provision for impairment of trade receivables	1,881.10	941.01
Bad debts written off	2,309.66	(4,955.93)
Fair value loss / (gain) on financial instruments	(856.53)	4,480.13
Unrealised foreign exchange differences (net)	7,682.92	11,147.69
Finance costs	(2,117.32)	(2,135.01)
Interest income	(180.17)	21,656.79
Liabilities no longer required written back	25,634.88	
Operating profits before working capital changes	25,634.88	21,656.79
Movement in working capital:		
Decrease in Inventories	6,473.13	29,261.11
Decrease in Trade receivables	90,789.06	10,876.41
(Increase) / Decrease in Other financial assets	(956.62)	(620.39)
Decrease / (Increase) in Other assets	3,561.23	(5,346.29)
(Decrease) / Increase in Trade payables	(24,667.47)	5,165.59
(Decrease) / Increase in Other financial liabilities	(222.82)	1,388.26
(Decrease) / Increase in Other current liabilities and provisions	(2,671.44)	1,743.70
Cash generated from operations	97,939.55	64,125.18
Direct taxes paid	(1,736.68)	(1,259.31)
Net cash flow from operating activities (A)	96,202.87	62,865.87
B Cash flow from investing activities		
Purchase of property, plant and equipment including capital work-in-progress and capital advances	(9,877.80)	(6,466.08)
Proceeds from sale of property, plant and equipment	20.85	(0.10)
Purchase of investments	-	-
Investments in bank deposits (having original maturity of more than three months)	(4,721.31)	(1,732.31)
Redemption/maturity of bank deposits (having original maturity of more than three months)	1,449.76	741.21
Interest received	1,068.17	993.76
Net cash (used in) investing activities (B)	(12,060.33)	(6,463.52)
C Cash flow from financing activities		
Proceeds from long-term borrowings	512.34	515.29
Repayment of long-term borrowings	(7,525.11)	(5,265.11)
Proceeds from/(repayment of) short-term borrowings (net)	(54,355.35)	(21,286.70)
Finance cost paid	(8,240.38)	(11,792.39)
Dividend paid to equity shareholders	(1,185.15)	(1,185.15)
Dividend distribution tax paid	(592.58)	(123.61)
Net cash flow (used in) financing activities (C)	(70,201.32)	(39,267.57)
Net increase in cash and cash equivalents (A+B+C)	13,941.62	17,134.68
Cash and cash equivalents at the beginning of the year	21,299.40	4,164.72
Cash and cash equivalents at the end of the year	35,241.02	21,299.40
Components of cash and cash equivalents		
Cash on hand	1.49	2.07
Bank balances on current accounts	2,014.45	1,845.77
Bank balances on deposit accounts with original maturity of three months or less	33,225.08	19,451.56
Total cash and cash equivalents	35,241.02	21,299.40

Notes:

- The audited financial results for the quarter ended and year ended March 31, 2021 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 15, 2021.
- The audited 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.
- The Company is engaged in the manufacture, sale and trading of fertilizers which constitutes a single operating segment as per Ind AS 108 and hence separate segment disclosures have not been furnished.
- The urea concession income for the year has been recognized based on management's estimate, pending finalization by the Government of India (GOI). Revenue for the quarter and year ended March 31, 2021 and March 31, 2020 include additional urea concession income of Rs. 1,856.06 Lakhs and Rs. 1,053.65 Lakhs respectively, relating to immediately preceding financial year recognized on finalization of escalation/de-escalation claims.
- The Company has during the current year recognised urea subsidy income of Rs. 2,914 Lakhs without benchmarking its cost of production using naptha with that of gas-based urea manufacturing units recently converted to natural gas, as notified by the Department of Fertilizers for subsidy income computation. The Company has filed writ petition against the Department of Fertilizers (DoF) before the Hon'ble High Court of Delhi (DHC) against this matter. 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.
- The energy norms applicable for Naptha based manufacturing units announced by the Department of Fertilizers (DoF) for the period commencing April 1, 2020 were lower than those effective till March 31, 2020. The Company, considering the fact that urea subsidy income based on previous year's higher energy norms was extended to gas based urea manufacturing units till September 30, 2020 and not to the Naptha based manufacturing units and based on legal advice, had taken a view that a similar extension should also be granted to it as it is discriminatory. The Company filed a writ petition before the Hon'ble High Court of Delhi (DHC) for this matter. Based on the above, management estimated the subsidy income and based on legal advice obtained, the Company recognised urea subsidy income of Rs. 2,688 Lakhs (including Rs. 624 Lakhs till September 30, 2020) which was included in revenue from operations in the nine month period ended December 31, 2020, based on the higher energy norms effective till March 31, 2020. During the quarter ended December 31, 2020, the DoF evaluated the matter pursuant to the directions of the DHC and passed an order dated November 17, 2020 rejecting the request of the Company for which the Company on November 19, 2020 sought time to submit its amended petition to bring on record the order of the DoF.
- During the quarter ended March 31, 2021, the Company filed an interim application for amending the earlier writ so as to include the DoF order of November 17, 2020 and rebuttal thereof. A fresh writ was also filed to comprehensively include all issues including the DoF order. The DHC has taken note of the same and has ordered dismissal of the earlier writ filed by the Company and to pursue with the fresh writ. The DoF was directed to file counter affidavit and the Company to file a rejoinder thereto and the matter would be taken up on July 28, 2021 for hearing. The Company continues to litigate this matter considering that it is discriminatory to the Company.
- Based on the above, and the uncertainty over eventual realisation of the subsidy income arising due to the DoF order, management reassessed the recognition of subsidy income and derecognised the subsidy income of Rs. 2,688 Lakhs recognised in the nine months ended December 31, 2020, from the revenue from operations of the quarter ended March 31, 2021.
- The figures for the quarter ended December 31, 2020 are not comparable to the current quarter figures as during the last quarter, ammonia and urea plants were shutdown on October 05, 2020 for preparations required for natural gas operation besides replacement of compatible ammonia plant catalyst. The Company had commenced operation of Ammonia and Urea Plants with natural gas post testing and commissioning activities and Urea production commenced on December 12, 2020.
- The Board of Directors of the Company has proposed dividend of Rs. 1 per equity share of Rs. 10 each amounting to Rs. 1,185.15 Lakhs for the year ended March 31, 2021. 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.
- 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.
- The Company has assessed the impact of COVID-19 and concluded that there is no material impact on the operations of the Company and no material adjustments required at this stage in the financial results of the Company for the year/quarter ended March 31, 2021. However, the Company will continue to monitor the impact which is a continuing process, given the uncertainties with its nature and duration of COVID-19 and the impact may be different from the estimates considered while preparing these results.
- The figures of the last quarter ended March 31, 2021 / 2020 are the balancing figures between audited figures in respect of the full financial year up to March 31, 2021 / 2020 and the unaudited published year-to-date figures up to December 2020 / 2019 being the date of the end of the third quarter of the financial year which were subjected to limited review.

Date : May 15, 2021

For and on behalf of the Board of Directors
K. Prabhakar Rao
Director - Works