

STATEMENT OF AUDITED IND AS RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2019

(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
	31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.03.2018
	Audited*	Unaudited	Audited*	Audited	Audited
1 INCOME					
(a) Revenue from operations (gross of excise duty) (Refer Notes 5 and 6)	64,309.46	76,111.58	63,416.79	307,363.76	269,290.26
(b) Other income	319.04	381.20	889.66	1,203.47	1,184.77
Total income	64,628.50	76,492.78	64,306.45	308,567.23	270,475.03
2 EXPENSES					
(a) Cost of materials consumed	34,811.80	46,497.34	33,995.87	157,092.20	127,168.92
(b) Purchases of stock-in-trade	14,209.11	20,035.13	12,335.85	74,365.48	72,396.40
(c) Change in inventories of finished goods, work-in-progress and stock-in-trade	(26.82)	(14,271.16)	(4,401.91)	(9,870.88)	(11,390.39)
(d) Excise duty on sale of goods	-	-	-	-	397.15
(e) Employee benefits expense	1,720.51	1,794.46	1,464.64	7,070.62	6,820.77
(f) Finance costs	3,121.95	2,272.73	2,527.77	11,101.93	8,429.70
(g) Depreciation and amortisation expense	1,041.59	986.72	831.54	3,877.90	3,699.35
(h) Other expenses	10,801.11	16,904.05	16,245.29	59,915.94	55,448.43
Total expenses	65,679.25	74,219.27	62,999.05	303,553.19	262,970.33
3 Profit/(Loss) before tax (1-2)	(1,050.75)	2,273.51	1,307.40	5,014.04	7,504.70
4 Tax expense / (credit)					
(a) Current tax (MAT)	(224.00)	662.05	457.20	1,268.00	1,767.20
(b) Deferred tax charge/(credit)	(231.54)	245.47	(1,180.29)	458.11	(320.76)
Total tax expense	(455.54)	907.52	(723.09)	1,726.11	1,446.44
5 Net Profit/(Loss) from the period / year (3-4)	(595.21)	1,365.99	2,030.49	3,287.93	6,058.26
6 Other comprehensive income/(expense)					
Items that will not be reclassified to profit or loss in subsequent periods					
Re-measurement gains/(losses) on defined benefit plan	0.55	(141.18)	65.27	(116.15)	(24.53)
Income tax effect on above	(0.19)	49.34	(22.51)	40.59	8.57
Total other comprehensive income/(expense)	0.36	(91.84)	42.76	(75.56)	(15.96)
7 Total comprehensive income /(expense) (5+6)	(594.85)	1,274.15	2,073.25	3,212.37	6,042.30
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				37,661.32	35,877.71
10 Earnings per equity share					
(of Rs. 10/- each) (not annualised for quarters):					
(a) Basic (in Rs.)	(0.51)	1.16	1.71	2.77	5.11
(b) Diluted (in Rs.)	(0.51)	1.16	1.71	2.77	5.11

*Refer Note 13

See accompanying notes to the financial results

STATEMENT OF ASSETS AND LIABILITIES

(Rupees in lakhs)

	As at March 31, 2019 Audited	As at March 31, 2018 Audited
ASSETS		
Non-current assets		
(a) Property, plant and equipment	61,247.53	60,994.71
(b) Capital work-in-progress	3,418.08	3,303.21
(c) Intangible assets	90.41	96.13
(d) Intangible assets under development	39.03	-
(e) Financial assets		
(i) Loans	782.06	739.60
(ii) Others	15.29	40.98
(f) Income tax assets (net)	246.73	44.03
(g) Other non-current assets	1,726.77	70.15
	67,565.90	65,288.81
Current assets		
(a) Inventories	53,872.50	39,690.86
(b) Financial assets		
(i) Trade receivables	156,448.07	118,468.49
(ii) Cash and cash equivalents	4,164.72	11,264.04
(iii) Other bank balances	796.76	823.99
(iv) Others	890.63	991.38
(c) Other current assets	8,079.96	14,271.78
	224,252.64	185,510.54
Total assets	291,818.54	250,799.35
EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	11,854.87	11,854.87
(b) Other equity	37,661.32	35,877.71
	49,516.19	47,732.58
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	27,032.32	19,686.81
(ii) Others	546.19	461.87
(b) Provisions	1,624.64	1,482.75
(c) Deferred tax liabilities (net)	1,755.37	1,337.85
	30,958.52	22,969.28
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	139,314.13	113,257.79
(ii) Trade payables		
a) total outstanding dues of micro enterprises and small enterprises	287.58	104.90
b) total outstanding dues of creditors other than micro enterprises and small enterprises	50,941.50	52,068.17
(iii) Others	17,971.60	12,298.45
(b) Other current liabilities	1,782.27	1,494.66
(c) Provisions	1,046.75	873.52
	211,343.83	180,097.49
Total equity and liabilities	291,818.54	250,799.35

Notes:

1. The Ind AS financial results for the quarter and year ended March 31, 2019 of Mangalore Chemicals and Fertilizers Limited (“the Company”) have been reviewed by the Audit Committee and approved by the Board of Directors at its meetings held on May 14, 2019 and have been audited by the statutory auditors of the Company.
2. The Ind AS financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 (Ind AS 34), “Interim Financial Reporting” prescribed under Section 133 of the Companies Act, 2013, read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015, as amended, and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
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 has been estimated and accounted as per the Government of India (‘GOI’) notification dated June 17, 2015. The subsidy on phosphatic and complex fertilisers has been accounted based on the rates announced by the GOI under Nutrient Based Subsidy Policy, from time to time.
5. The Company recognises urea concession income from the GOI based on estimates and changes, if any, are recognised in the period/year of finalisation of the prices by the GOI under the scheme. Accordingly, revenue from operations for the year ended March 31, 2019 include additional urea concession income of Rs. 3,050.79 Lakhs and that for the quarter and year ended March 31, 2018 include additional urea concession income of Rs. 2,068.68 Lakhs, relating to respective immediately preceding financial year recognised on finalization of escalation/de-escalation claims.
6. Revenue from operations for the year ended March 31, 2019 is not comparable with the corresponding previous year, since excise duty formed part of expenses upto June 30, 2017, whereas, effective July 1, 2017 revenue is net of Goods and Service Tax (‘GST’).
7. Ind AS 115 Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after April 1, 2018, replaces existing revenue recognition requirements. Under the modified retrospective approach there were no significant adjustments required to the retained earnings at April 1, 2018. Also, the application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the Ind AS financial results.
8. Vide GST Notification No. 26/2018 dated June 13, 2018, the department amended definition of ‘Net Input Tax Credit’ for the purpose of GST refund on account of inverted duty structure with effect from July 1, 2017 to include input tax credit availed only on inputs which excludes input services. The Company had claimed GST refund with respect to input services effective July 1, 2017 till April 17, 2018 aggregating to Rs. 1,206.29 Lakhs which is also supported by a legal opinion obtained subsequently. Further, the Company while relying on such legal opinion and on a stay order dated September 18, 2018 of the High Court of Gujarat in respect of application of another company on this matter, has recognized input tax credit of Rs. 2,118.54 Lakhs on input services for the year ended March 31, 2019. Considering such credit is available for utilization also, the management is confident of refund / utilisation of aforesaid input tax credit.

9. The Supreme Court of India in a judgment on Provident Fund dated February 28, 2019 addressed the principle for determining salary components that form part of Basic Salary for individuals below a prescribed salary threshold. The Company determined that they had not previously included such components in Basic Salary for such individuals. It is however unclear as to whether the clarified definition of Basic Salary would be applicable prospectively or retrospectively. The Company has made a provision on a prospective basis from the date of the Supreme Court order and is in the process of obtaining clarity on the judgment as well as determining the impact of any retrospective adjustment, if applicable.
10. The Company had engaged an independent firm to carry out forensic review of certain transactions relating to investment in preference shares of Bangalore Beverages Limited and advances to United Breweries (Holdings) Limited, which indicated that these transactions may have involved irregularities. These investment and advances aggregating to Rs. 21,668.20 Lakhs were fully provided for during the year ended March 31, 2016.

Zuari Fertilisers and Chemicals Limited, the holding company (now merged with Zuari Agro Chemicals Limited) had filed a petition before the National Company Law Tribunal, Bengaluru (“NCLT”) to claim accountability of erstwhile promoter group for the aforesaid irregularities. The matter is currently pending before the NCLT.
11. The Ammonia, Urea and ABC plants of the Company were shutdown from February 13, 2019 to April 7, 2019 for planned maintenance activities.
12. The Board of Directors of the Company has proposed dividend of Re. 1 per equity share of Rs. 10 each amounting to Rs. 1,428.76 Lakhs (inclusive of dividend distribution tax) for the year ended March 31, 2019. The proposed dividend on equity shares is subject to approval at the ensuing annual general meeting and accordingly have not been recognised as a liability (including dividend distribution tax thereon) as at year end.
13. The figures of the last quarter ended March 31, 2019 / 2018 are the balancing figures between audited figures in respect of the full financial year up to March 31, 2019 / 2018 and the unaudited published year-to-date figures up to December 31, 2018 / 2017 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

Place : Gurugram
Date : May 14, 2019

N Suresh Krishnan
Managing Director