



MANGALORE CHEMICALS AND FERTILIZERS LIMITED

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STATEMENT OF UNAUDITED RESULTS FOR THE QUARTER ENDED JUNE 30, 2019

(Rupees in lakhs)

Particulars	3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Previous year ended
	30.06.2019	31.03.2019	30.06.2018	31.03.2019
	Unaudited	Audited*	Unaudited	Audited
1 INCOME				
(a) Revenue from contracts with customers (Refer Note 5)	74,107.40	64,309.46	67,064.19	3,07,363.76
(b) Other income	502.81	319.04	267.24	1,203.47
Total income	74,610.21	64,628.50	67,331.43	3,08,567.23
2 EXPENSES				
(a) Cost of materials consumed	30,600.89	34,811.80	29,468.43	1,57,092.20
(b) Purchases of stock-in-trade	9,815.59	14,209.11	24,143.36	74,365.48
(c) Change in inventories of finished goods, work-in-progress and stock-in-trade	15,081.67	(26.82)	(3,834.39)	(9,870.88)
(d) Employee benefits expense	1,864.28	1,720.51	1,790.44	7,070.62
(e) Finance costs	3,783.87	3,121.95	2,874.43	11,101.93
(f) Depreciation and amortisation expense	1,080.44	1,041.59	903.94	3,877.90
(g) Other expenses	12,371.07	10,801.11	12,670.84	59,915.94
Total expenses	74,597.81	65,679.25	68,017.05	3,03,553.19
3 Profit/(Loss) before tax (1-2)	12.40	(1,050.75)	(685.62)	5,014.04
4 Tax expense/(credit)				
(a) Current tax (MAT)	-	(224.00)	-	1,268.00
(b) Deferred tax charge/(credit)	17.04	(231.54)	(294.35)	458.11
Total tax expense/(credit)	17.04	(455.54)	(294.35)	1,726.11
5 Net Profit/(Loss) from the period/year (3-4)	(4.64)	(595.21)	(391.27)	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	(45.85)	0.55	18.03	(116.15)
Income tax effect on above	16.02	(0.19)	(6.30)	40.59
Total other comprehensive income/(loss)	(29.83)	0.36	11.73	(75.56)
7 Total comprehensive income/(loss) (5+6)	(34.47)	(594.85)	(379.54)	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
9 Other equity				37,661.32
10 Earnings per equity share				
(of Rs. 10/- each) (not annualised for quarters):				
(a) Basic (in Rs.)	(0.01)	(0.51)	(0.33)	2.77
(b) Diluted (in Rs.)	(0.01)	(0.51)	(0.33)	2.77

*Refer Note 11

See accompanying notes to the financial results

Notes:

1. The financial results for the quarter ended June 30, 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 August 12, 2019 and have been subjected to limited review by the statutory auditors of the Company.
2. The 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/CMD1/44/2019 dated March 29, 2019.
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 for the year ended March 31, 2019 include additional urea concession income of Rs. 3,050.79 Lakhs relating to immediately preceding financial year recognised on finalisation of escalation/de-escalation claims. The urea concession income for the year ended March 31, 2019 is pending finalisation by the GOI.
6. Effective April 1, 2019, the Company has adopted Ind AS 116 on Leases which replaces Ind AS 17 on Leases, including appendices thereto. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The Company has used the modified retrospective approach for transition to Ind AS 116 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. Right-of-use assets are depreciated over the lower of useful life of the asset or the lease term and interest on lease liabilities is recognized under finance costs. The net impact of adopting this standard on the financial results and earnings per share is not material.
7. 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. 2,524.85 Lakhs on input services for the period from April 18, 2018 to June 30, 2019. Considering such credit is available for utilization also, the management is confident of refund/utilisation of aforesaid input tax credit. The Company has started utilising such credit during the current quarter based on a tax advise obtained in this regard.

8. 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.
9. 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.
10. The Ammonia, Urea and ABC plants of the Company were shutdown from February 13, 2019 to April 7, 2019 for planned maintenance activities and were again shutdown from May 14, 2019 to June 11, 2019 due to reduced supply of water.
11. The figures of the last quarter ended March 31, 2019 are the balancing figures between audited figures in respect of the full financial year up to March 31, 2019 and the unaudited published year-to-date figures up to December 31, 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

Place : Gurugram
Date : August 12, 2019

N Suresh Krishnan
Managing Director