



Mangalore Chemicals
& Fertilizers Limited
722/Q2-BM/2022

November 03, 2022

The Asst. Vice President,
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E)
MUMBAI - 400 051

Department of Corporate Services - CRD
BSE Limited,
Floor 25, Phiroze Jeejeebhoy Towers,
Dalal Street
MUMBAI - 400 001

Dear Sir/Madam,

Company's Scrip Code in BSE : 530011 MANGCHEM
Company's Symbol in NSE : MANGCHEFER
ISIN : INE558B01017

Sub: Outcome of the Board Meeting under Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

With reference to the subject mentioned above, we hereby write to inform you that the Board of Directors of the Company in its meeting held today, i.e., November 03, 2022, inter alia, has considered and approved the unaudited financial results of the Company for the quarter and half year ended September 30, 2022 as recommended by the Audit Committee at its meeting held today, i.e., November 03, 2022.

We attach herewith copy of the unaudited financial results for the quarter and half year ended September 30, 2022 along with the Limited Review Report of the Auditors thereon.

Thanking you,

Yours faithfully,
For Mangalore Chemicals and Fertilizers Limited

Vijayamahantesh Khannur
Company Secretary

Encl: As above



MANGALORE CHEMICALS AND FERTILIZERS LIMITED

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

Phone: 080-45855599, Fax: 080-45855588 CIN: L24123KA1966PLC002036

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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 | - | 1,190.00 | 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 Unaudited | As at March 31, 2022 Audited |
|---|--|------------------------------------|
| ASSETS | | |
| 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 |
| EQUITY AND LIABILITIES | | |
| 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 September 30, 2022 | For the half year ended 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 | - | 1312.1 |
| 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 |
| Cash (used in) / generated from operations | (13,305.27) | (14,529.36) |
| Income tax paid | (9,658.57) | (2,183.65) |
| 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



Shubhabrata Saha
Managing Director

Date: November 03, 2022



PKF SRIDHAR & SANTHANAM LLP

Chartered Accountants

Independent Auditor's Review Report on review of Unaudited Financial Results

To the Board of Directors of Mangalore Chemicals & Fertilizers Limited

We have reviewed the accompanying Statement of Unaudited Financial results of Mangalore Chemicals & Fertilizers Limited ("the company") for the quarter and half year ended 30th September 2022, being submitted by the company pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure requirements) regulations, 2015, as amended.

Management's Responsibility

The Statement, which is the responsibility of the management and approved by the Board of Directors, has been prepared in accordance with recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("IndAS-34") prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, and other accounting principles generally accepted in India.

Auditor's Responsibility

Our responsibility is to issue a report on the Statement based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Conclusion

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited financial results prepared in accordance with the recognition and measurement principles of the applicable Accounting Standards and other recognized practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure requirements) regulations, 2015 as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Emphasis of Matter

We draw attention to Note no 5, which states that the Company had recognized urea subsidy income of Rs. 2914 lakhs in Financial Year ended March 31, 2021, considering that benchmarking of its cost of production of urea using Naphtha with that of gas-based urea manufacturing units is arbitrary and for which the Company had already filed a writ petition against the Department of Fertilizers before Hon'ble High court of Delhi. Based on legal opinion obtained, the management believes that the criteria for recognition of subsidy revenue is met.

Our conclusion is not modified in respect of this matter.



Other Matter

Figures for the quarter ended 30th June 2022 and 30th September 2021 and half year ended 30th September 2021 and year ended 31st March 2022 have been reviewed/audited by S.R.Batlboi & Co. LLP, Chartered Accountants (Firm Registration No 301003E/E300005). The reports of predecessor auditor of these comparative financial information expressed unmodified conclusion/opinion. Our conclusion is not modified in respect of the said matter.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018



Seethalakshmi. M
Partner

Membership No.208545
ICAI UDIN: 22208545BBYDXN4988

Place: Bengaluru
Date: 03-11-2022