



Mangalore Chemicals
& Fertilizers Limited

MCFL/SE/2019

May 14, 2019

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,

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, May 14, 2019, inter alia, has considered and approved the following:

1. Audited financials results of the Company for the quarter and the year ended March 31, 2019 as recommended by the Audit Committee at its meeting held today, May 14, 2019.
2. Recommended a dividend of Re. 1 per equity share of Rs. 10 each for the financial year ended March 31, 2019, which is subject to approval of the members at the ensuing Annual General Meeting.
3. Appointment of Mr. Dipankar Chatterji (DIN: 00031256) as an Additional Director in the category of Independent Directors for a period of 3 (three) years w.e.f 14.05.2019, which is subject to approval of the members at the ensuing Annual General Meeting. The details required under Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 are given in Annexure 1.

We attach herewith copy of the audited financial results for the quarter and year ended March 31, 2019 along with the Auditor's Report on Quarterly financial results and year to date results for the year ended March 31, 2019 as Annexure 2.

Thanking you,

**Yours faithfully,
for Mangalore Chemicals and Fertilizers Limited**

**Vijayamahantesh V. Khannur
Company Secretary**



Mangalore Chemicals
& Fertilizers Limited

Annexure 1 - Details under Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

#	Particulars	Details
1	Reason for change viz. appointment, resignation, removal, death etc	Appointment
2	Date of appointment & term of appointment	May 14, 2019 Appointed as an Additional and Independent Director for a tenure of 3 years, subject to approval of members
3	Brief profile	DOB: August 23, 1948 Mr. Dipankar Chatterji is a Chartered Accountant by profession and is a senior partner in L B Jha & Co., Chartered Accountants, who are engaged in Consultancy, Audit and Assurance, or Tax and other Compliance Services. He is on the Board of four nationalised banks, a public sector mutual fund, an associate company of State Bank of India, has been nominated on the boards of various companies by Banks / Financial Institutions. He is Vice-President of one of the top 10 B Schools in the country. He was appointed by RBI as a member of the Padmanabhan Committee set up to review RBI's supervision over Banks. He was a member of the Central Council of the Institute of Chartered Accountants of India and Chairman of the Auditing Practices Committee of the Institute of Chartered Accountants of India.
4	Disclosure of relationship between directors	Nil

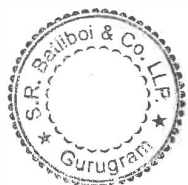
STATEMENT OF AUDITED IND AS RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2019

(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	As at
	March 31, 2019	March 31, 2018
	Audited	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.

Place : Gurugram
Date : May 14, 2019

For and on behalf of the Board of Directors



N Suresh Krishnan
Managing Director



Auditor's Report on Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
Board of Directors of
Mangalore Chemicals and Fertilizers Limited

1. We have audited the accompanying statement of quarterly Ind AS financial results of Mangalore Chemicals and Fertilizers Limited ("the Company") for the quarter ended March 31, 2019 and for the year ended March 31, 2019 ("the Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulation"), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ("the Circular"). The Ind AS financial results for the quarter ended March 31, 2019 and the year ended March 31, 2019 have been prepared on the basis of the Ind AS financial results for the nine-month period ended December 31, 2018, the audited annual Ind AS financial statements as at and for the year ended March 31, 2019, and the relevant requirements of the Regulation read with the Circular, which are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these Ind AS financial results based on our review of the Ind AS financial results for the nine-month period ended December 31, 2018 which was prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (Ind AS) 34 Interim Financial Reporting, specified under Section 133 of the Companies Act 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India; our audit of the annual Ind AS financial statements as at and for the year ended March 31, 2019; and the relevant requirements of the Regulation and the Circular.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us, these quarterly Ind AS financial results as well as the year to date results:
 - i. are presented in accordance with the requirements of the Regulation read with the Circular, in this regard; and
 - ii. give a true and fair view of the net loss (including other comprehensive income) and other financial information for the quarter ended March 31, 2019 and the net profit (including other comprehensive income) and other financial information for the year ended March 31, 2019.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

4. We draw attention to Note 8 to the accompanying Ind AS financial results regarding Goods and Services Tax ('GST') input tax credit on input services recognized by the Company, which the management is confident of refund based on a tax opinion obtained on this matter and reliance placed on an order dated September 18, 2018 of the High Court of Gujarat in respect of application of another company on this matter; and which would also be otherwise available for utilisation against output tax liability arising in future. Our opinion is not qualified in respect of this matter.
5. Further, read with paragraph 1 above, we report that the figures for the quarter ended March 31, 2019 represent the derived figures between the audited figures in respect of the financial year ended March 31, 2019 and the published year-to-date figures up to December 31, 2018, being the date of the end of the third quarter of the current financial year, which were subjected to a limited review as stated in paragraph 1 above, as required under the Regulation and the Circular.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm registration number: 301003E/E300005


per Amit Chugh
Partner

Membership No.: 505224

Place of signature: Gurugram

Date: May 14, 2019

