



Mangalore Chemicals
& Fertilizers Limited

MCFL/SE/2023

May 11, 2023

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, May 11, 2023, inter alia, has considered and approved the following:

1. Audited financial results of the Company for the quarter and the year ended March 31, 2023 as recommended by the Audit Committee at its meeting held today, May 11, 2023.
2. Recommended a dividend of Rs.1.50 per equity share of Rs.10 each for the financial year ended March 31, 2023, which is subject to approval of the members at the ensuing Annual General Meeting.

We attach herewith copy of the audited financial results for the quarter and year ended March 31, 2023 along with the Auditor's Report on Quarterly financial results and year to date results for the year ended March 31, 2023 as Annexure.

The meeting commenced at 4:00 P.M. (IST) and concluded at 7:20 P.M. (IST).

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
 Email: shares.mcf@adventz.com Website: www.mangalorechemicals.com

STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2023

(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
	31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
	Audited*	Unaudited	Audited*	Audited	Audited
1 INCOME					
(a) Revenue from contracts with customers (Refer Note 4 and 5)	116,361.52	117,323.52	71,887.58	364,152.40	289,558.30
(b) Other income	1,136.24	700.22	772.96	3,064.62	2,427.06
Total income	117,497.76	118,023.74	72,660.54	367,217.02	291,985.36
2 EXPENSES					
(a) Cost of materials consumed	52,780.60	64,152.55	60,765.49	199,625.52	186,934.66
(b) Purchases of traded goods	16,391.25	7,303.09	117.14	25,813.56	6,416.91
(c) Changes in inventories of finished goods, traded goods and work-in-progress	4,849.30	(3,113.71)	(16,876.63)	11,842.37	(13,122.69)
(d) Employee benefits expense	1,561.20	1,637.64	1,662.25	6,917.18	6,962.64
(e) Finance costs	3,072.97	3,323.70	1,550.90	10,437.76	4,940.42
(f) Depreciation and amortisation expense	1,689.15	1,748.11	1,229.22	5,967.50	5,055.75
(g) Other expenses	27,984.51	33,271.30	23,796.05	89,010.54	81,331.66
Total expenses	108,328.98	108,322.68	72,244.42	349,614.43	278,519.35
3 Profit/(Loss) before tax (1-2)	9,168.78	9,701.06	416.12	17,602.59	13,466.01
4 Tax expense					
(a) Current tax / Minimum Alternate Tax	1,608.00	1,469.00	43.00	3,077.00	2,350.00
(b) Deferred tax charge / (credit)	773.17	615.51	24.48	1,060.08	2,329.88
Total tax expense	2,381.17	2,084.51	67.48	4,137.08	4,679.88
5 Profit/(Loss) for the period/year (3-4)	6,787.61	7,616.55	348.64	13,465.51	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	(44.29)	(10.44)	33.99	(48.42)	(31.15)
Income tax effect on above	15.48	3.64	(11.88)	16.92	10.88
Total other comprehensive income/(loss)	(28.81)	(6.80)	22.11	(31.50)	(20.27)
7 Total comprehensive income/(loss) (5+6)	6,758.80	7,609.75	370.75	13,434.01	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
9 Other equity				68,463.95	56,452.12
10 Earnings per equity share					
(of INR 10/- each) (not annualised for periods):					
(a) Basic (in INR)	5.73	6.42	0.29	11.36	7.41
(b) Diluted (in INR)	5.73	6.42	0.29	11.36	7.41

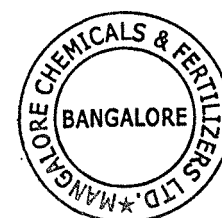
*Refer Note 8

See accompanying notes to the audited financial results



Statement of Assets and Liabilities
(Rupees in Lakhs)

	As at March 31, 2023	As at March 31, 2022
	Audited	Audited
<u>ASSETS</u>		
Non-current assets		
(a) Property, plant and equipment	105,970.52	55,294.34
(b) Capital work-in-progress	1,408.49	31,738.51
(c) Right-of-use assets	1,620.84	1,859.41
(d) Intangible assets	107.24	107.91
(e) Financial assets		
(i) Others	594.71	616.86
(f) Income tax assets (net)	144.08	185.83
(g) Other non-current assets	627.64	1,286.27
	110,473.52	91,089.13
Current assets		
(a) Inventories	24,113.96	42,977.47
(b) Financial assets		
(i) Investments	0.10	0.10
(ii) Trade receivables	75,724.26	66,502.77
(iii) Cash and cash equivalents	32,979.95	48,207.20
(iv) Other bank balances	3,605.39	7,514.35
(v) Others	5,982.83	5,491.58
(c) Other current assets	13,034.94	10,293.67
	155,441.43	180,987.14
Total assets	265,914.95	272,076.27
<u>EQUITY AND LIABILITIES</u>		
Equity		
(a) Equity share capital	11,854.87	11,854.87
(b) Other equity	68,463.95	56,452.12
	80,318.82	68,306.99
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	35,667.55	21,815.13
(ia) Lease liabilities	1,886.60	2,068.09
(ii) Others	-	15.14
(b) Provisions	1,180.60	1,134.73
(c) Deferred tax liabilities (net)	6,149.86	5,106.70
	44,884.61	30,139.79
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	100,099.37	112,346.47
(ia) Lease liabilities	36.07	45.66
(ii) Trade payables		
a) total outstanding dues of micro enterprises and small enterprises	4,582.66	1,057.85
b) total outstanding dues of creditors other than micro enterprises and small enterprises	19,674.70	39,419.36
(iii) Others	12,820.50	17,072.72
(b) Liabilities for current tax (net)	439.33	916.74
(c) Other current liabilities	1,941.22	1,742.73
(d) Provisions	1,117.67	1,027.96
	140,711.52	173,629.49
Total equity and liabilities	265,914.95	272,076.27



Statement of Cash Flows

(Rupees in Lakhs)

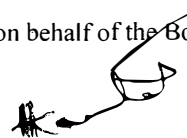
	For the year ended March 31, 2023	For the year ended March 31, 2022
	Audited	Audited
A Operating activities		
Profit before tax	17,602.59	13,466.01
<u>Adjustments to reconcile profit before tax to net cash flows:</u>		
Depreciation and amortisation expense	5,967.50	5,055.75
Net loss on disposal of property, plant and equipment	521.96	548.79
Fair value loss/(gain) on financial instruments at fair value through profit or loss	(245.25)	(663.65)
Unrealised foreign exchange differences (net)	(90.26)	812.83
Finance costs	10,437.76	4,940.42
Interest income	(2,522.18)	(1,928.40)
Provisions no longer required written back	(389.08)	(345.76)
Operating profits before working capital changes	31,283.04	21,885.99
Working capital changes:		
(Increase)/Decrease in Inventories	18,863.51	(24,839.21)
(Increase)/Decrease in Trade receivables	(9,221.49)	(15,644.24)
(Increase)/Decrease in Other financial assets	(57.25)	455.76
(Increase)/Decrease in Other assets	(2,705.44)	(1,095.95)
(Decrease)/increase in Trade payables	(16,131.79)	7,641.02
(Decrease)/increase in Other financial liabilities	50.18	3,713.43
(Decrease)/increase in Other current liabilities and provisions	643.90	976.12
	(8,558.38)	(28,793.07)
Cash generated from/ (used in) operations	22,724.66	(6,907.08)
Income tax paid	(3,512.66)	(1,814.37)
Net cash flow from/(used in) operating activities (A)	19,212.00	(8,721.45)
B Investing activities		
Purchase of property, plant and equipment including capital work-in-progress and capital advances	(30,529.41)	(16,966.35)
Proceeds from sale of property, plant and equipment	228.48	12.41
Investments in bank deposits (having original maturity of more than three months)	(3,237.40)	(20,755.35)
Redemption/maturity of bank deposits (having original maturity of more than three months)	7,143.66	18,195.81
Interest received	2,093.71	822.29
Net cash flow (used in) investing activities (B)	(24,300.96)	(18,691.19)
C Financing activities		
Proceeds from long-term borrowings	23,320.59	15,920.20
Repayment of long-term borrowings	(6,989.69)	(7,665.01)
Payment of principal portion of lease liabilities	(235.64)	(252.76)
Proceeds from/(repayment of) short-term borrowings (net)	(14,723.38)	38,811.17
Finance cost paid	(10,087.99)	(5,249.63)
Dividend paid to equity shareholders	(1,422.18)	(1,185.15)
Net cash flow (used in)/ from financing activities (C)	(10,138.29)	40,378.82
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(15,227.25)	12,966.18
Cash and cash equivalents at the beginning of the year	48,207.20	35,241.02
Cash and cash equivalents at the end of the year	32,979.95	48,207.20
Components of cash and cash equivalents		
Cash on hand	2.26	2.80
Balances with banks on current accounts	3,302.69	8,254.40
Balances with banks on deposit accounts with original maturity of three months or less	29,675.00	39,950.00
Total cash and cash equivalents	32,979.95	48,207.20



Notes:

1. The audited financial results for the quarter and year ended March 31, 2023 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 11, 2023.
2. The audited 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 and subsidy rates for Phosphatic fertilizers under Nutrient Based Subsidy Scheme for the quarter / year have 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 Board of Directors of the Company has proposed dividend of INR 1.50 per equity share of INR 10 each amounting to INR 1,777.73 Lakhs for the year ended March 31, 2023. 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.
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 will assess the impact of the Code and recognize the same, if any, once the Code comes into effect.
8. The figures of the quarter ended March 31, 2023 / 2022 are the balancing figures between the audited figures in respect of the financial year up to March 31, 2023 / 2022 and the unaudited published year-to-date figures up to December 31, 2022 / 2021 being the date of the end of third quarter of the financial year which were subjected to limited review.
9. 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



Nitin M Kantak
Whole Time Director

Date: May 11, 2023



PKF SRIDHAR & SANTHANAM LLP

Chartered Accountants

Independent Auditor's Report on the financial results

To the Board of Directors of Mangalore Chemicals & Fertilizers Limited

Opinion

1. We have audited the accompanying Financial Results of **Mangalore Chemicals & Fertilizers Limited** (the "Company"), for the quarter and year ended 31 March 2023 (the Statement) , being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations")
2. In our opinion and to the best of our information and according to the explanations given to us, the statement
 - a) is presented in accordance with the requirements of Regulation 33 of the Listing Regulations, in this regard
 - b) gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting principles generally accepted in India of the net profit and other comprehensive income and other financial information of the company for the quarter and year ended 31st March 2023

Basis for Opinion

3. We conducted our audit of the Statement in accordance with the Standards on Auditing ("SA"s) specified under Section 143(10) of the Companies Act 2013 ("the Act") Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Results section of our report We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Financial Results under the provisions of the Act and the Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

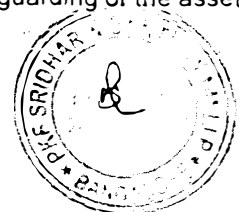
Emphasis of Matter

4. 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

Management's and Board of Directors' Responsibilities for the Financial Results

5. This Statement has been prepared on the basis of the audited financial statements for the year ended March 31, 2023.

The Company's Management and Board of Directors are responsible for the preparation of these Financial Results that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of



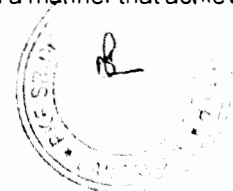
the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of the Financial Results that give a true and fair view and is free from material misstatement, whether due to fraud or error

6. In preparing the Financial Results, the Management and Board of Directors are responsible for assessing the Company's ability, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so

The Board of Directors are also responsible for overseeing the Company's financial reporting process

Auditor's Responsibilities for the Audit of the Financial Results

7. Our objectives are to obtain reasonable assurance about whether the Financial Results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Results
8. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also
 - Identify and assess the risks of material misstatement of the Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the entity has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such control
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors
 - Conclude on the appropriateness of the Management and Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern
 - Evaluate the overall presentation, structure and content of the Financial Results, including the disclosures and whether the Financial Results represent the underlying transactions and events in a manner that achieves fair presentation



9. We communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit
10. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards

Other Matters

11. Attention is drawn to the fact that the figures for the quarter ended 31st March 2023 and the corresponding quarter ended in the previous year as reported in these financial results are the balancing figures between audited figures in respect of full financial year and the published unaudited year to date figures up to the end of the third quarter of the relevant financial year which were subject to limited review by us / predecessor auditor. Our opinion is not modified in respect of this matter
12. Figures for the quarter and year ended 31st March 2022 have been audited by S.R Batliboi & 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 23208545BQVA103747



Place Bangalore
Date 11th May 2023