



Mangalore Chemicals  
& Fertilizers Limited

MCFL/SE/2019

Aug 12, 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, i.e., Aug 12, 2019, inter alia, has considered and approved the following:

1. Unaudited financial results of the Company for the quarter ended June 30, 2019 as recommended by the Audit Committee at its meeting held today, Aug 12, 2019.
2. Appointment of Mr. Shashi Kant Sharma (DIN: 03281847) as an Additional Director in the category of Independent Directors for a period of 3 (three) years w.e.f 12.08.2019, 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 unaudited financial results for the quarter ended June 30, 2019 along with the Limited Review Report of the Auditors thereon as Annexure 2.

Thanking you,

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

**Vijayamahantesh V. Khannur  
Company Secretary**

**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	Aug 12, 2019 Appointed as an Additional and Independent Director for a tenure of 3 years, subject to approval of members
3	Brief profile	<p>DOB: September 25, 1952</p> <p>Mr. Shashi Kant Sharma is a retired IAS (1976 batch). He served as the Comptroller and Auditor General (CAG) of India from 23/05/2013 to 24/09/2017. Before that, he was the Defense Secretary, Government of India. He was also the Secretary, Department of Financial Services (Ministry of Finance) and Secretary, Department of Information Technology (Ministry of Telecommunication), in the Government of India.</p> <p>In his capacity as CAG of India, Mr. Shashi Kant Sharma was elected by the General Assembly of the United Nations as a Member of UN Board of Auditors in July, 2014, and was chairing the UN Board of Auditors.</p> <p>Mr. Sharma was active on the Governing Boards of the International Organization of Supreme Audit Institutions (IN10SAI) and the Asian Organization of Supreme Audit</p>



		<p>Institutions (ASOSAI). He was chairperson of the INTOSAI's Knowledge Sharing Committee and Working Group on Information Technology. He chaired the 13th Assembly of the ASOSAI (Kuala Lumpur, 2015) and the Commonwealth Auditors General Conference (Delhi, 2017). He has extensive experience in leadership roles in the Ministry of Defense, India. He was the Defense Secretary of India between July 2011 and May 2013, and prior to that, the Director General (Acquisitions) and Joint Secretary.</p> <p>He has masters' degree in Political Science from Agra University (India) and M.Sc. in Administrative Science and Development Problems from the University of York (the UK). In June 2016, he was conferred an Honorary Professorship at Nanjing Audit University, China.</p>
4	Disclosure of relationship between directors	Nil





**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: L24123KA1966PLC0002036  
 Email: shares.mcf1@adventz.com Website: www.mangalorechemicals.com

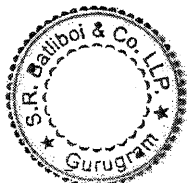
**STATEMENT OF UNAUDITED RESULTS FOR THE QUARTER ENDED JUNE 30, 2019**

(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
<b>1 INCOME</b>				
(a) Revenue from contracts with customers (Refer Note 5)	74,107.40	64,309.46	67,064.19	307,363.76
(b) Other income	502.81	319.04	267.24	1,203.47
<b>Total income</b>	<b>74,610.21</b>	<b>64,628.50</b>	<b>67,331.43</b>	<b>308,567.23</b>
<b>2 EXPENSES</b>				
(a) Cost of materials consumed	30,600.89	34,811.80	29,468.43	157,092.20
(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
<b>Total expenses</b>	<b>74,597.81</b>	<b>65,679.25</b>	<b>68,017.05</b>	<b>303,553.19</b>
<b>3 Profit/(Loss) before tax (1-2)</b>	<b>12.40</b>	<b>(1,050.75)</b>	<b>(685.62)</b>	<b>5,014.04</b>
<b>4 Tax expense/(credit)</b>				
(a) Current tax (MAT)	-	(224.00)	-	1,268.00
(b) Deferred tax charge/(credit)	17.04	(231.54)	(294.35)	458.11
<b>Total tax expense/(credit)</b>	<b>17.04</b>	<b>(455.54)</b>	<b>(294.35)</b>	<b>1,726.11</b>
<b>5 Net Profit/(Loss) from the period/year (3-4)</b>	<b>(4.64)</b>	<b>(595.21)</b>	<b>(391.27)</b>	<b>3,287.93</b>
<b>6 Other comprehensive income/(loss)</b>				
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
<b>Total other comprehensive income/(loss)</b>	<b>(29.83)</b>	<b>0.36</b>	<b>11.73</b>	<b>(75.56)</b>
<b>7 Total comprehensive income/(loss) (5+6)</b>	<b>(34.47)</b>	<b>(594.85)</b>	<b>(379.54)</b>	<b>3,212.37</b>
<b>8 Paid-up equity share capital (Face value of Rs. 10 per share)</b>	<b>11,854.87</b>	<b>11,854.87</b>	<b>11,854.87</b>	<b>11,854.87</b>
<b>9 Other equity</b>				<b>37,661.32</b>
<b>10 Earnings per equity share (of Rs. 10/- each) (not annualised for quarters):</b>				
(a) Basic (in Rs.)	(0.01)	(0.51)	(0.33)	2.77
(b) Diluted (in Rs.)	(0.01)	(0.51)	(0.33)	2.77

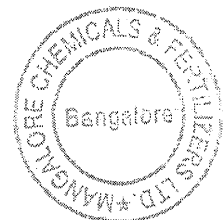
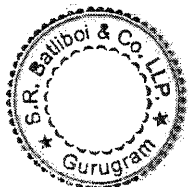
\*Refer Note 11

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.



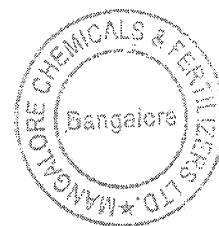
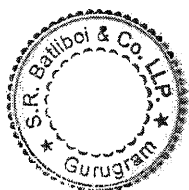
8. The Supreme Court of India in a judgment on Provident Fund dated February 28, 2019 addressed the principle for determining salary components that form part of Basic Salary for individuals below a prescribed salary threshold. The Company determined that they had not previously included such components 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



N Suresh Krishnan  
Managing Director

Place : Gurugram  
Date : August 12, 2019



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

**Review Report to  
The Board of Directors  
Mangalore Chemicals and Fertilizers Limited**

1. We have reviewed the accompanying statement of unaudited financial results of Mangalore Chemicals and Fertilizers Limited (the "Company") for the quarter ended June 30, 2019 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulation") as amended, read with SEBI Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 ("the Circular").
2. The preparation of the Statement 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, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, read with the Circular is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (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.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to Note 7 to the accompanying unaudited 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 conclusion is not modified in respect of this matter.

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 301003E/E300005

per Amit Chugh  
Partner

Membership No.: 505224

Unique Document Identification Number (UDIN): 19505224AAAAGE5657

Place of signature: Gurugram

Date: August 12, 2019

