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Gurugram - 122 002, Haryana, India
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INDEPENDENT AUDITOR'S REPORT

To the Members of Mangalore Chemicals and Fertilizers Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Mangalore Chemicals and Fertilizers Limited ("the Company"), which comprise the Balance sheet as at March 31 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' 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 together with the ethical requirements that are relevant to our audit of the financial statements 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

We draw attention to Note 22(h), which states that the Company had recognized urea subsidy income of INR 2,914 lakhs in previous year 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 the 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 opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion

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thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters	**How our audit addressed the key audit matter**
Impact of government policies/ notifications on recognition of concession income and its recoverability *(as described in Note 22 and 9 of the financial statements)*	
The Company recognises concession (subsidy) income receivable from the Department of Fertilizers, Government of India as per the New Pricing Scheme for Urea and as per Nutrient Based Subsidy Policy for Phosphatic and Potassic fertilizers at the time of sale of goods to its customers. During the current year, the Company has recognised concession income of Rs. 196,363.31 Lakhs and as at 31 March 2022 and has receivables of Rs. 57,679.74 Lakhs relating to such income. We focused on this area because recognition of concession income and assessment of its recoverability is subject to significant judgement of interpretation of various notifications from the Department of Fertilizers. The area of judgement includes certainty around the satisfaction of conditions specified in the notifications and policies, collections and provisions thereof, likelihood of variation in the related computation rates, basis for determination of accruals of concession income and timely recoverability thereof.	Our audit procedures included among others, the following: • Read the relevant notifications and policies issued by the Department of Fertilizers to ascertain the recognition of concession income, adjustments thereto recognised pursuant to changes in the rates and basis for determination of concession income. • Obtained an understanding of the process and tested the design and operating effectiveness of controls as established by the management in recognition and assessment of the recoverability of the concession income. • Evaluated the management's assessment regarding compliance with the relevant conditions as specified in the notifications and policies and collections of concession income. • Tested the ageing analysis and assessed the information used by the management to determine the recoverability of the concession income by considering collections against historical trends. • Assessed the adequacy of the disclosures in the financial statements.

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Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 these financial statements.

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As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's 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 financial statements 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 statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 34A to the financial statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

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iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The dividend declared or paid during the year by the Company is in compliance with section 123 of the Act.

For S.R. BATLIBOI & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

S. R. BATLIBOI & CO. LLP * GURUGRAM *

per Pravin Tulsyan
Partner
Membership No.: 108044

UDIN: 22108044AJDHFG6934

Place of Signature: Gurugram
Date: May 17, 2022

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF MANGALORE CHEMICALS AND FERTILIZERS LIMITED
Statement on the matters specified in paragraphs 3 and 4 of the Companies (Auditor's report) Order, 2020 ("the Order")

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangibles assets.

(b) All Property, Plant and Equipment have not been physically verified by the management during the year but there is a regular programme of verification in 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in note 3A to the financial statements, as confirmed by a bank are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification.

(b) As disclosed in note 19 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks are in agreement with the books of accounts of the Company.

(iii)(a) During the year, the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company and hence not commented upon.

(b) During the year, the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.

(c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c), (d), (e) and (f) of the Order is not applicable to the Company.

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(iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of fertiliser, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (including interest and penalty) (Rs. in Lakhs)	Payment under protest (Rs. in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income tax	358.04	52.89	FY 2013-14	Income Tax Appellate Tribunal (ITAT)
The Central Excise Act, 1944	Excise duty	638.96	-	FY 2012-13 to 2015-16	Customs, Excise and Service Tax Appellate Tribunal
Karnataka Value Added Tax Act, 2003	Entry tax	423.44	-	FY 2011-12	The High Court of Karnataka
The Customs Act, 1962	Customs duty	315.10	9.17	FY 2011-12 to 2016-17	Customs, Excise and Service Tax

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Name of the statute	Nature of the dues	Amount (including interest and penalty) (Rs. in Lakhs)	Payment under protest (Rs. in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
					Appellate Tribunal
		87.60	-	FY 2016-17	Commissioners of Customs, Nhava Sheva
The Finance Act, 1994	Service tax	15.49	1.06	FY 2012-13 to 2015-16	Customs, Excise and Service Tax Appellate Tribunal

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix)(a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) Term loans were applied for the purpose for which the loans were obtained.

(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) and (f) of the Order is not applicable to the Company.

(x)(a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi)(a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor, secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

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(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii)(a) The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a),(b) and (c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv)(a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi)(a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 42 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither

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give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx)(a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 37 to the financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 37 to the financial statements.

(xxi) The Company does not have any subsidiary, associate or joint venture and accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Company.

For S.R. BATLIBOI & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Pravin Tulsyan
Partner
Membership No.: 108044

UDIN: 22108044AJDHFG6934

S.R. BATLIBOI & CO. LLP * GURUGRAM *

Place of Signature: Gurugram
Date: May 17, 2022

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF MANGALORE CHEMICALS AND FERTILIZERS LIMITED

Report on the Internal Financial Controls under clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mangalore Chemicals and Fertilizers Limited ("the Company") as of March 31, 2022, in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Ind AS financial statements.

S. R. BATLIBOI & CO. LLP
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Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Ind AS Financial Statements

A company's internal financial controls over financial reporting with reference to these Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting with reference to these Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these Ind AS financial statements to future periods are subject to the risk that the internal financial controls over financial reporting with reference to these Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to Ind AS financial statements and such internal financial controls with reference to Ind AS financial statements were operating effectively as at March 31, 2022, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For S.R. BATLIBOI & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Pravin Tulsyan
Partner
Membership No.: 108044

S. R. BATLIBOI & CO. LLP * GURUGRAM *

UDIN: 22108044AJDHFG6934

Place of Signature: Gurugram
Date: May 17, 2022

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Mangalore Chemicals & Fertilizers Limited

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FINANCIALS

2021-22

Mangalore Chemicals and Fertilizers Limited
Balance Sheet as at March 31, 2022
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3A	55,294.34	57,779.90
Capital work-in-progress	3A	31,738.51	7,826.17
Right-of-use assets	3B	1,859.41	1,971.56
Intangible assets	4	107.91	148.95
Intangible assets under development	4	-	-
Financial assets			
(i) Investments	5	-	-
(ii) Others	6	616.86	571.69
Other non-current assets	7	1,286.27	8,204.79
		90,903.30	**76,503.06**
Current assets			
Inventories	8	42,977.47	18,138.26
Financial assets			
(i) Investments	5	0.10	0.10
(ii) Trade receivables	9	66,502.77	50,858.53
(iii) Cash and cash equivalents	10	48,207.20	35,241.02
(iv) Other bank balances	11	7,514.35	4,979.80
(v) Others	6	5,491.58	4,882.76
Other current assets	7	10,293.67	9,089.76
		180,987.14	**123,190.23**
Total assets		**271,890.44**	**199,693.29**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	11,854.87	11,854.87
Other equity	13	56,452.12	48,871.41
Total equity		68,306.99	60,726.28
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	14	21,815.13	12,716.01
(ia) Lease liabilities	15	2,068.09	2,100.24
(ii) Others	16	15.14	100.76
Provisions	17	1,134.73	1,212.91
Deferred tax liabilities (net)	18	5,106.70	2,787.70
		30,139.79	**18,917.62**
Current liabilities			
Financial liabilities			
(i) Borrowings	19	112,346.47	73,514.36
(ia) Lease liabilities	15	45.66	33.88
(ii) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	20	1,057.85	925.80
Total outstanding dues of creditors other than micro enterprises and small enterprises	20	39,419.36	31,962.40
(iii) Others	16	17,072.72	11,386.67
Liabilities for current tax (net)		730.91	195.28
Other current liabilities	21	1,742.73	1,148.66
Provisions	17	1,027.96	882.34
Total liabilities		173,443.66	120,049.39
Total equity and liabilities		271,890.44	199,693.29

S. R. BATLIBOI & CO. LLP * GURUGRAM *

MANGALORE CHEMICALS & FERTILIZERS LTD. * BANGALORE

Mangalore Chemicals and Fertilizers Limited
Balance Sheet as at March 31, 2022
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Notes	As at March 31, 2022	As at March 31, 2021
	Notes		
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the Ind AS financial statements

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Pravin Tulsyan
Partner
Membership Number: 108044

Place of Signature: Gurugram
Date: May 17, 2022

S. R. BATLIBOI & CO. LLP * GURUGRAM *

For and on behalf of the Board of Directors of
Mangalore Chemicals and Fertilizers Limited

Shubhabrata Saha
Managing Director
DIN: 03036747

Nitin M Kantak
Director
DIN: 08029847

T.M. Muralidharan
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary

Date: May 17, 2022

MANGALORE CHEMICALS & FERTILIZERS LTD. * BANGALORE

Mangalore Chemicals and Fertilizers Limited
Statement of Profit and Loss for the year ended March 31, 2022
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
INCOME			
Revenue from contracts with customers	22	2,89,558.30	2,14,402.82
Other income	23	2,427.06	2,669.96
Total income		**2,91,985.36**	**2,17,072.78**
EXPENSES			
Cost of materials consumed	24	1,86,934.66	1,11,017.28
Purchases of traded goods	25	6,416.91	24,664.27
(Increase)/decrease in inventories of finished goods, work-in-progress and traded goods	26	(13,122.69)	1,311.94
Employee benefits expense	27	6,962.64	6,797.58
Finance costs	28	4,940.42	7,682.92
Depreciation and amortisation expense	29	5,055.75	5,031.22
Other expenses	30	81,331.66	50,011.51
Total expenses		**2,78,519.35**	**2,06,516.72**
Profit before tax		**13,466.01**	**10,556.06**
Tax expense	31		
Current tax (Minimum Alternate Tax)		2,350.00	1,955.00
Deferred tax charge		2,329.88	1,891.21
Total tax expense		**4,679.88**	**3,846.21**
Profit for the year		**8,786.13**	**6,709.85**
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Re-measurement (losses)/gains on defined benefit plan		(31.15)	78.01
Income tax effect on above		10.88	(27.26)
Total other comprehensive (loss)/income		(20.27)	50.75
Total comprehensive income for the year		8,765.86	6,760.60
Earnings per equity share (in INR) [nominal value per share INR 10 (Previous year: INR 10)]	32		
Basic		7.41	5.66
Diluted		7.41	5.66

S. R. BATLIBOI & CO. LLP ★ GURUGRAM ★

MANGALORE CHEMICALS & FERTILIZERS LTD.★ BANGALORE

Mangalore Chemicals and Fertilizers Limited
Statement of Profit and Loss for the year ended March 31, 2022
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the Ind AS financial statements

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Pravin Tulsyan
Partner
Membership Number: 108044

Place of Signature: Gurugram
Date: May 17, 2022

For and on behalf of the Board of Directors of
Mangalore Chemicals and Fertilizers Limited

Shubhabrata Saha
Managing Director
DIN: 05036747

Nitin M Kantak
Director
DIN: 08029847

T.M. Muralidharan
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary

Date: May 17, 2022

Mangalore Chemicals and Fertilizers Limited
Statement of Cash Flows for the year ended March 31, 2022
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
A Operating activities			
Profit before tax		13,466.01	10,556.06
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortisation expense	29	5,055.75	5,031.22
Net loss on disposal of property, plant and equipment	30	548.79	226.08
Provision for impairment of trade receivables	30	-	1,101.96
Bad debts written off	30	-	1,881.19
Fair value (gain)/loss on financial instruments at fair value through profit or loss		(663.65)	2,309.66
Unrealised foreign exchange differences (net)		812.83	(856.63)
Finance costs	28	4,940.42	7,682.92
Interest income	23	(1,928.40)	(2,117.32)
Provisions no longer required written back	23	(345.76)	(180.17)
Operating profits before working capital changes		**21,885.99**	**25,634.88**
Working capital changes:			
(Increase)/Decrease in Inventories		(24,839.21)	6,473.13
(Increase)/Decrease in Trade receivables		(15,644.24)	90,789.06
(Increase)/Decrease in Other financial assets		455.76	(956.62)
(Increase)/Decrease in Other assets		(1,095.95)	3,561.23
(Decrease)/increase in Trade payables		7,641.02	(24,667.47)
(Decrease)/increase in Other financial liabilities		3,713.43	(222.82)
(Decrease)/increase in Other current liabilities and provisions		976.12	(2,671.41)
		(28,793.07)	**72,305.07**
Cash (used) /generated from operations		**(6,907.08)**	**97,939.95**
Income tax paid		(1,814.37)	(1,736.68)
Net cash flow(used in) / from operating activities (A)		**(8,721.45)**	**96,203.27**
B Investing activities			
Purchase of property, plant and equipment including capital work-in-progress and capital advances		(16,966.35)	(9,875.91)
Proceeds from sale of property, plant and equipment		12.41	16.66
Investments in bank deposits (having original maturity of more than three months)		(20,755.35)	(4,721.31)
Redemption/maturity of bank deposits (having original maturity of more than three months)		18,195.81	1,449.76
Interest received		822.29	1,068.17
Net cash flow (used in) investing activities (B)		**(18,691.19)**	**(12,062.63)**
C Financing activities			
Proceeds from long-term borrowings		15,920.20	512.34
Repayment of long-term borrowings		(7,665.01)	(7,492.28)
Payment of principal portion of lease liabilities		(36.26)	(30.77)
Proceeds from/(repayment of) short-term borrowings (net)		38,811.17	(54,355.36)
Finance cost paid		(5,466.13)	(8,240.38)
Dividend paid to equity shareholders	13	(1,185.15)	(592.57)
Net cash flow from/(used in) financing activities (C)		**40,378.82**	**(70,199.02)**
Net increase in cash and cash equivalents (A+B+C)		**12,966.18**	**13,941.62**
Cash and cash equivalents at the beginning of the year	10	35,241.02	21,299.40
Cash and cash equivalents at the end of the year		**48,207.20**	**35,241.02**

	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
Components of cash and cash equivalents	10		
Cash on hand		2.80	1.49
Bank balances on current accounts		8,254.40	2,014.45
Bank balances on deposit accounts with original maturity of three months or less		39,950.00	33,225.08
Total cash and cash equivalents		**48,207.20**	**35,241.02**

The summary of changes in liabilities arising from financing activities is as below:

	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
Non current borrowings (including current maturities)			
At beginning of the year	14	20,358.76	27,277.08
Cash flow changes		8,255.19	(6,979.94)
Non-cash changes (foreign currency exchange difference)		(6.07)	61.62
At end of the year	14	**28,607.88**	**20,358.76**
Current borrowings (excluding current maturities of long term borrowings)			
At beginning of the year	19	65,871.61	121,177.78
Cash flow changes		38,811.17	(54,355.36)
Non-cash changes (foreign currency exchange difference)		870.94	(950.81)
At end of the year	19	**105,553.72**	**65,871.61**
Lease Liabilities (including current maturities)			
At beginning of the year	15	2,134.12	2,167.19
Cash flow changes		(36.26)	(30.77)
Non-cash changes		15.89	(2.30)
At end of the year	15	**2,113.75**	**2,134.12**

S. R. BATLIBOI & CO. LLP GURUGRAM

MANGALORE CHEMICALS & FERTILIZERS BANGALORE

Mangalore Chemicals and Fertilizers Limited
Statement of Cash Flows for the year ended March 31, 2022
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the Ind AS financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Pravin Tulsyan
Partner
Membership Number: 108044

Place of Signature: Gurugram
Date: May 17, 2022

For and on behalf of the Board of Directors of
Mangalore Chemicals and Fertilizers Limited

Shubhabrata Saha
Managing Director
DIN: 03036747

Nitin M Kantak
Director
DIN: 08029847

T.M. Muralidharan
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary

Date: May 17, 2022

Mangalore Chemicals and Fertilizers Limited
Statement of changes in Equity for the year ended March 31, 2022
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

a) Equity share capital

Equity shares of INR 10 each issued, subscribed and fully paid

	For the year ended March 31, 2022		For the year ended March 31, 2021	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	118,515,150	11,851.52	118,515,150	11,851.52
Changes during the year	-	-	-	-
At the end of the year	118,515,150	11,851.52	118,515,150	11,851.52

In addition to above, equity share capital as at March 31, 2022 includes Forfeited Shares (amount paid-up) of INR 3.35 Lakhs (March 31, 2021: INR 3.35 Lakhs).

b) Other equity

	Capital redemption reserve	General reserve	Retained earnings	Total
	Note 13	Note 13	Note 13	
Balance as at April 1, 2020	480.78	5,385.71	36,836.89	42,703.38
Profit for the year	-	-	6,709.85	6,709.85
Other comprehensive income	-	-	50.75	50.75
Total comprehensive income	-	-	6,760.60	6,760.60
Cash dividends (Refer Note 13)	-	-	(592.57)	(592.57)
Balance as at March 31, 2021	480.78	5,385.71	43,004.92	48,871.41
Balance as at April 1, 2021	480.78	5,385.71	43,004.92	48,871.41
Profit for the year	-	-	8,786.13	8,786.13
Other comprehensive income	-	-	(20.27)	(20.27)
Total comprehensive income	-	-	8,765.86	8,765.86
Cash dividends (Refer Note 13)	-	-	(1,185.15)	(1,185.15)
Balance as at March 31, 2022	480.78	5,385.71	50,585.63	56,452.12

Retained earnings - Retained earnings represent profits generated by the Company not distributed to shareholders.

Capital redemption reserve - The said reserve was created by way of transfer from general reserve on redemption of preference shares. This reserve account can be applied in paying up unissued shares to be issued to members of the Company as fully paid bonus shares in accordance with the provisions of the Companies Act, 2013.

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S. R. BATLIBOI & CO. LLP * GURUGRAM *

MANGALORE CHEMICALS & FERTILIZERS LTD * BANGALORE

Mangalore Chemicals and Fertilizers Limited
Statement of changes in Equity for the year ended March 31, 2022
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

General reserve - Under the erstwhile Companies Act, 1956, general reserve was created through transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of the Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the requirements of the Companies Act, 2013.

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the Ind AS financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Pravin Tulsyan
Partner
Membership Number: 108044

Place of Signature: Gurugram
Date: May 17, 2022

S. R. BATLIBOI & CO. LLP * GURUGRAM *

For and on behalf of the Board of Directors of Mangalore Chemicals and Fertilizers Limited

Shubhabrata Saha
Managing Director
DIN: 03036747

Nitin M Kantak
Director
DIN: 08029847

T.M.

T.M. Muralidharan
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary

Date: May 17, 2022

MANGALORE CHEMICALS & FERTILIZERS LTD. * BANGALORE

1. Corporate information

Mangalore Chemicals and Fertilizers Limited ("MCF" or "the Company") is a public limited company domiciled in India and incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognized stock exchanges in India. The registered office of the Company is located at Level 11, UB Tower, UB city, 24, Vittal Mallya Road, Bengaluru 560001, Karnataka, India. The Company is primarily engaged in the manufacture, purchase and sale of fertilisers. The Company has manufacturing facility in India. Information on related party relationships of the Company is provided in Note 38.

The Ind AS financial statements were approved by the Board of Directors of the Company on May 17, 2022.

2. Basis of preparation of Ind AS financial statements

The Ind AS financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the Ind AS financial statements.

The Ind AS financial statements have been prepared on a historical cost basis, except for assets and liabilities which are required to be measured at fair value. The Ind AS financial statements are presented in Indian Rupees ("INR") and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

The significant accounting policies adopted for preparation and presentation of these Ind AS financial statement have been applied consistently, except for the changes in accounting policy for amendments to the standard that were issued effective for the financial year beginning from on or after April 1, 2021 as stated in Note 2.3.

2.1 Summary of significant accounting policies

(a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- expected to be settled in normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

S. R. BATLIBOI & CO. LLP * GURUGRAM *

CHEMICALS & FERTILIZERS LTD. BANGALORE

(b) **Foreign currencies**

The Ind AS financial statements are presented in INR, which is also the Company's functional currency. Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date, the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate, if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income ("OCI") or the statement of profit and loss are also recognised in OCI or statement of profit and loss, respectively).

(c) **Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Ind AS financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Ind AS financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

S. R. BATLIBOI & CO. LLP * GURUGRAM *

MANGALORE CHEMICALS & FERTILIZERS LTD * BANGALORE

The Company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for sale in discontinued operations.External valuers are involved, wherever considered necessary.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

(d) Revenue from contract with customer

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in its revenue arrangements.

Goods and Service Tax (GST) is not received by the Company on its own account and is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.2.

Sale of products

Revenue from sale of product is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the product. The normal credit term is 15 to 120 days upon delivery.

Revenue from the sale of products, including concession receivable from the Government of India under the applicable New Pricing Scheme / Nutrient Based Subsidy Policy, is recognised when control of the products has transferred to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Revenue from the sale of products is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Concessions in respect of Urea, as notified under the New Pricing Scheme, is recognized with adjustments for escalation/de–escalation in the prices of inputs and other adjustments, as estimated by the management in accordance with the known policy parameters in this regard.

Subsidy for Phosphatic and Potassic (P&K) fertilisers is recognized as per the rates notified by the Government of India in accordance with Nutrient Based Subsidy Policy from time to time.

Freight subsidy on Urea, Complex fertilisers, etc. is recognized in accordance with the specified parameters and notified rates.

In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, and consideration payable to the customer (if any)

S. R. BATLIBOI & CO. LLP * GURUGRAM *

CHEMICALS & FERTILIZERS LTD. MANGALORE

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception.

(ii) Significant financing component

The Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Sale of services

Service income is recognized, on an accrual basis, at agreed rate in accordance with the terms of the agreement.

Interest Income

Interest income from dealers and others on delayed payments is recognized to the extent the Company is reasonably certain of their ultimate collection.

Other interest income is recognized using the effective interest rate (EIR) method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. Interest income is included under the head "other income" in the statement of profit and loss.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A trade receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in paragraph (o) Financial Instruments.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

(e) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

S. R. BATLIBOI & CO. LLP * GURUGRAM *

MANGALORE CHEMICALS & FERTILIZERS LTD. * BANGALORE

(f) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in OCI or in equity in correlation to the underlying transaction). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities and assets are recognized for all taxable temporary differences and deductible temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in OCI or in equity in correlation to the underlying transaction).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the Company will pay normal income tax during the specified year, i.e., the year for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

Goods and Service Tax (GST) paid on acquisition of assets or on incurring expenses

When the tax incurred on purchase of assets or services is not recoverable from the taxation authority, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable. Otherwise, expenses and assets are recognized net of the amount of taxes paid. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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(All amounts in Indian Rupees Lakhs, except as otherwise stated)

(g) **Property, plant and equipment**

On transition to Ind AS i.e. 1 April 2015, the Company has elected to continue with the carrying value of all of its property, plant and equipment (PPE) recognised as at 1 April 2015 measured as per the Indian GAAP and use that carrying value as the deemed cost of the PPE.

Property, plant and equipment, capital work-in-progress is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects, if the recognition criteria are met.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred. Items of stores and spares that meet the definition of Property, plant and equipment are capitalized at cost, otherwise, such items are classified as inventories.

Depreciation is calculated on a straight-line basis over the useful lives of the assets, estimated by the management, as follows:

	Useful life (years)
Factory buildings	30
Other buildings (RCC)	60
Other buildings (Non-RCC)	30
Railway sidings	15
Roads, drainage and culverts	5 to 30
Plant and equipment (continuous process plant)	25
Computer equipment	3 and 6
Electrical installations and fittings	10
Office equipment	5
Furniture and fixtures	10
Cranes and locomotives	15
Vehicles	8 and 10

For the purpose of depreciation calculation, residual value is determined as 5% of the original cost for all the assets, as estimated by the management basis independent assessment by an expert. The Company, based on assessment made by technical expert and management estimate, depreciates following assets, not included above, over the estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives reflect fair approximation of the period over which the assets are likely to be used.

(i) The useful lives of components of certain plant and machinery and equipment are estimated as 5 to 20 years.
(ii) Insurance/ capital/ critical stores and spares are depreciated over the remaining useful life of related plant and equipment or useful life of insurance/capital/ critical spares, whichever is lower.
(iii) The useful lives of certain vehicles are estimated as 4 years.

Leasehold land is amortized on a straight-line basis over the period of lease.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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(h) Intangible assets

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

Intangible assets are amortized over the useful economic life and assessed for impairment, whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognized in the statement of profit and loss, unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures are recognised as intangible asset when the Company can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- intention to complete and its ability and intention to use or sell the asset,
- its future economic benefits,
- the availability of resources to complete the asset and
- the ability to measure reliably the expenditure during development.

Following initial recognition, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use.

Computer Software

The computer software is amortised on a straight-line basis over the useful economic life of 5 years, as estimated by the management.

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(j) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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The Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (l) Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Company's lease liabilities are included in Borrowings.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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 year have not been restated. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

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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 statement of profit and loss and earnings per share is not material. Refer disclosures included in Note 33 for details.

The Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(k) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials, packing materials, stores and spares: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Finished goods and Work-in-progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.
- Traded Goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Materials and other items held for use in the production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost.

Cost is determined on a moving weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(l) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate

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does not exceed the long-term average growth rate for the products, industries, or country in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss, unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(m) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(n) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to a reduction in future payment or a cash refund.

Retirement benefit in the form of superannuation fund is a defined contribution scheme. The Company has established a Superannuation Fund Trust to which contributions are made each month. The Company recognizes contribution payable to the superannuation fund scheme as expenditure, when an employee renders the related service. The Company has no other obligations beyond its monthly contributions.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods.

Past service costs are recognized in the statement of profit and loss on the earlier of:

- the date of the plan amendment or curtailment, and
- the date that the Company recognizes related restructuring costs

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Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the same is presented as non-current liability.

(o) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost, if both of the following conditions are met:
(i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
(ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

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Debt instrument at FVTOCI

A 'debt instrument' is classified as FVTOCI, if both of the following criteria are met:
(i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
(ii) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in OCI. However, the Company recognizes interest income, impairment losses and foreign exchange gain or loss in the statement of profit and loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity Instruments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as FVTPL. If the Company decides to classify an equity instrument as FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the balance sheet) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure.

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there

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is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on twelve-month ECL.
Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

The twelve-month ECL is a portion of the lifetime ECL which results from default events that are possible within twelve months after the reporting date. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original EIR. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

For recognition of impairment loss on other financial assets and risk exposure, the Company categorizes them into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When financial assets are first recognized, the Company recognizes an allowance based on 12 months ECLs.
Stage 1 financial assets also include facilities where the credit risk has improved, and the financial assets has been reclassified from Stage 2.

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the lifetime ECLs. Stage 2 loans also include facilities, where the credit risk has improved, and the financial assets has been reclassified from Stage 3.

Stage 3: Financial assets considered credit impaired. The Company records an allowance for the lifetime ECLs.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include borrowings, trade and other payables, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading, unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to the statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

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Loans and borrowings

Borrowings is the category most relevant to the Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Reclassification of financial assets and liabilities

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no re-classification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a re-classification is made only if there is a change in the business model for managing those assets.

A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the re-classification prospectively from the re-classification date, which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(p) Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments, such as forward currency contracts, currency and interest rate swaps, to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit and loss.

(q) Cash and cash equivalents

Cash and cash equivalents in the balance sheet and cash flow statement comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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(r) Cash dividend to equity holders

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

(s) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. The Company does not recognize a contingent liability but discloses its existence in the Ind AS financial statements.

(t) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(u) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company), whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Operating segments of the Company are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

2.2 Significant accounting judgements, estimates and assumptions

The preparation of the Ind AS financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

The Company bases its assumptions and estimates on parameters available when the Ind AS financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The judgements, estimates and assumptions management has made which have the most significant effect on the amounts recognized in the Ind AS financial statements are as below:

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Revenue from contracts with customers

Concessions in respect of urea, as notified under the New Pricing Scheme, is recognized with adjustments for escalation/de-escalation in the prices of inputs and other adjustments, as estimated by the management in accordance with the known policy parameters in this regard. The Company recognises urea concession income from the Government of India ("GOI") based on estimates as per the GOI notification dated June 17, 2015 and changes, if any, are recognised in the year of finalisation of the prices by the GOI under the scheme.

Also, the Company determines and updates its assessment of expected rebates periodically and the accruals are adjusted accordingly. Estimates of expected rebates are sensitive to changes in circumstances and the Company's past experience regarding these amounts may not be representative of actual amounts in the future.

Determining the lease term of contracts with renewal and termination options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Property, plant and equipment

The depreciation of property, plant and equipment is derived on determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time of acquisition of asset and is reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life.

Impairment of financial and non-financial assets

Significant management judgement is required to determine the amounts of impairment loss on the financial and non-financial assets. The calculations of impairment loss are sensitive to underlying assumptions.

Tax provisions and contingencies

Significant management judgement is required to determine the amounts of tax provisions and contingencies. Deferred tax assets are recognised for unused tax losses and MAT credit entitlements to the extent it is probable that taxable profit will be available against which these losses and credit entitlements can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Defined benefit plans

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuation. An actuarial valuation involves various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using internal valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2.3 Changes in accounting policies and disclosures

New and amended standards

The Company applied for the first-time certain standards and amendments, which are effective for annual period beginning on or after April 01, 2021. The Company has not early adopted any other standard or amendment that has been issued but is not yet effective.

(i) Interest Rate Benchmark Reform – Phase 2: Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116.

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

(ii) Conceptual framework for financial reporting under Ind AS issued by ICAI

The Framework is not a Standard and it does not override any specific standard. Therefore, this does not form part of a set of standards pronounced by the standard-setters. While, the Framework is primarily meant for the standard-setter for formulating the standards, it has relevance to the preparers in certain situations such as to develop consistent accounting policies for areas that are not covered by a standard or where there is choice of accounting policy, and to assist all parties to understand and interpret the Standards.

The amendments made in following standards due to Conceptual Framework for Financial Reporting under Ind AS includes amendment of the footnote to the definition of an equity instrument in Ind AS 102- Share Based Payments, footnote to be added for definition of liability i.e. definition of liability is not revised on account of revision of

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definition in conceptual framework in case of Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets etc.

The MCA has notified the Amendments to Ind AS consequential to Conceptual Framework under Ind AS vide notification dated June 18, 2021, applicable for annual periods beginning on or after April 1, 2021. Accordingly, the Conceptual Framework is applicable for preparers for accounting periods beginning on or after 1 April 2021.

These amendments had no impact on the financial statements of the Company.

(iii) Ind AS 116: COVID-19 related rent concessions

MCA issued an amendment to Ind AS 116 Covid-19-Related Rent Concessions beyond 30 June 2021 to update the condition for lessees to apply the relief to a reduction in lease payments originally due on or before 30 June 2022 from 30 June 2021. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

These amendments had no impact on the financial statements of the Company.

(iv) Amendment to Ind AS 105, Ind AS 16 and Ind AS 28

The definition of "Recoverable amount" is amended such that the words "the higher of an asset's fair value less costs to sell and its value in use" are replaced with "higher of an asset's fair value less costs of disposal and its value in use". The consequential amendments are made in Ind AS 105, Ind AS 16 and Ind AS 28.

These amendments had no impact on the financial statements of the Company.

2.4 Standards issued but not yet effective

There are no standards or amendments issued on or before March 31, 2022 but not yet effective, which may have any material impact on the Ind AS financial statements of the Company.

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Mangalore Chemicals and Fertilizers Limited
Notes to the Ind AS financial statements for the year ended March 31, 2022
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

3A. Property, plant and equipment

	Cost				Depreciation				Net book value
	As at April 1, 2021	Additions	Disposals	As at March 31, 2022	As at April 1, 2021	For the year	On Disposals	As at March 31, 2022	As at March 31, 2022
Freehold land	6,817.79	-	-	6,817.79	-	-	-	-	6,817.79
Buildings	5,227.26	-	-	5,227.26	958.97	162.48	-	1,121.45	4,105.81
Railway sidings	586.78	157.31	11.02	733.07	276.96	61.88	10.27	328.57	404.50
Roads, drainage and culverts	428.47	-	-	428.47	227.48	22.02	-	249.50	178.97
Plant and equipment [a]	64,728.70	2,744.17	909.18	66,563.69	19,135.35	4,510.19	354.73	23,290.81	43,272.88
Electrical installations and fittings	259.34	-	0.28	259.06	152.15	17.57	0.22	169.50	89.56
Office equipment	351.18	40.64	1.59	390.23	233.73	30.36	1.01	263.08	127.15
Furniture and fixtures	359.31	6.77	-	366.08	224.70	18.89	-	243.59	122.49
Cranes and locomotives	207.07	-	-	207.07	106.01	20.77	-	126.78	80.29
Vehicles - Owned	255.08	0.36	35.73	219.71	125.73	29.45	30.37	124.81	94.90
Total	**79,220.98**	**2,949.25**	**957.80**	**81,212.43**	**21,441.08**	**4,873.61**	**396.60**	**25,918.09**	**55,294.34**

	Opening	Additions	Capitalised	Closing
Capital work-in-progress [a]	**7,826.17**	**26,861.59**	**2,949.25**	**31,738.51**

Previous year

	Cost				Depreciation				Net book value
	As at April 1, 2020	Additions	Disposals	As at March 31, 2021	As at April 1, 2020	For the year	On Disposals	As at March 31, 2021	As at March 31, 2021
Freehold land	6,817.79	-	-	6,817.79	-	-	-	-	6,817.79
Buildings	5,187.37	40.04	0.15	5,227.26	782.38	176.59	-	958.97	4,268.29
Railway sidings	556.84	29.94	-	586.78	228.25	48.71	-	276.96	309.82
Roads, drainage and culverts	423.49	4.98	-	428.47	199.29	28.19	-	227.48	200.99
Plant and equipment [a]	61,873.33	4,311.39	1,456.02	64,728.70	15,926.39	4,449.86	1,240.90	19,135.35	45,593.35
Electrical installations and fittings	254.86	4.48	-	259.34	134.84	17.31	-	152.15	107.19
Office equipment	350.68	2.97	2.47	351.18	202.83	32.62	1.72	233.73	117.45
Furniture and fixtures	395.80	-	36.49	359.31	218.47	29.96	23.73	224.70	134.61
Cranes and locomotives	207.07	-	-	207.07	84.07	21.94	-	106.01	101.06
Vehicles - Owned	277.91	-	22.83	255.08	96.56	37.75	8.58	125.73	129.35
Total	**76,345.14**	**4,393.80**	**1,517.96**	**79,220.98**	**17,873.08**	**4,842.93**	**1,274.93**	**21,441.08**	**57,779.90**

	Opening	Additions	Capitalised	Closing
Capital work-in-progress [a]	**4,646.97**	**7,573.00**	**4,393.80**	**7,826.17**

(a) Plant and machinery and capital work-in-progress additions during the year includes borrowing INR Nil (March 31, 2021 : INR 13.00 Lakhs) and INR 1,388.84 Lakhs (March 31, 2021: INR 770.43 Lakhs), respectively, towards capitalisation of borrowing cost. The rate used to determine the amount of borrowing costs eligible for capitalisation was 8.17% (March 31, 2021 : 9.16%), which is the average interest rate of borrowings.

(b) Refer Note 14 and 19 for details of property, plant and equipment pledged as security.

(c) **Capital work in progress (CWIP) Ageing Schedule**

As at March 31, 2022

	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress *	24,242.76	3,592.61	1,023.06	2,759.88	31,618.31
Projects temporarily suspended**	-	3.54	73.16	43.50	120.20
Total	24,242.76	3,596.15	1,096.22	2,803.38	31,738.51

* The Company envisaged Ammonia Energy Improvement Project [AEIP] 3 years ago and substantial progress happened during the current year. in advanced stage of completion and expected to be commissioned in Financial year ending March 31, 2023.

** Project studies were conducted for certain projects which are valid and the projects are to be taken up at later stage.

As at March 31, 2021

	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress *	3,876.12	1,025.40	895.23	1,909.22	7,705.97
Projects temporarily suspended**	3.54	73.16	33.67	9.83	120.20
Total	3,879.66	1,098.56	928.90	1,919.05	7,826.17

* The Company envisaged Ammonia Energy Improvement Project [AEIP] 3 years ago. The same was in progress and expected to be completed in Financial year ending March 31, 2023.

** Project studies were conducted for certain projects which are valid, to be taken up at later stage.

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(All amounts in Indian Rupees Lakhs, except as otherwise stated)

3B. Right-of-use assets

	Cost				Depreciation				Net book value
	As at April 1, 2021	Additions	Disposals	As at March 31, 2022	As at April 1, 2021	For the year	On Disposals	As at March 31, 2022	As at March 31, 2022
Right-of-use land (Refer Note 33)	1,989.94	-	-	1,989.94	193.05	96.53	-	289.58	1,700.36
Right-of-use buildings (Refer Note 33)	231.69	15.89	14.48	233.10	57.02	31.51	14.48	74.05	159.05
Total	**2,221.63**	**15.89**	**14.48**	**2,223.04**	**250.07**	**128.04**	**14.48**	**363.63**	**1,859.41**

Previous year

	Cost				Depreciation				Net book value
	As at April 1, 2020	Additions	Disposals	As at March 31, 2021	As at April 1, 2020	For the year	On Disposals	As at March 31, 2021	As at March 31, 2021
Right-of-use land (Refer Note 33)	1,989.94	-	-	1,989.94	96.53	96.52	-	193.05	1,796.89
Right-of-use buildings (Refer Note 33)	240.57	1.89	10.77	231.69	30.57	33.32	6.87	57.02	174.67
Total	**2,230.51**	**1.89**	**10.77**	**2,221.63**	**127.10**	**129.84**	**6.87**	**250.07**	**1,971.56**

4. Intangible assets

	Cost				Amortisation				Net book value
	As at April 1, 2021	Additions	Disposals	As at March 31, 2022	As at April 1, 2021	For the year	On Disposals	As at March 31, 2022	As at March 31, 2022
Computer software	289.84	13.05	-	302.89	140.89	54.10	-	194.99	107.91
Total	**289.84**	**13.05**	-	**302.89**	**140.89**	**54.10**	-	**194.99**	**107.91**

	Opening	Additions	Capitalised	Closing
Intangible assets under development	-	**13.05**	**13.05**	-

Previous year

	Cost				Amortisation				Net book value
	As at April 1, 2020	Additions	Disposals	As at March 31, 2021	As at April 1, 2020	For the year	On Disposals	As at March 31, 2021	As at March 31, 2021
Computer software	264.90	29.46	3.62	289.84	86.06	58.45	3.62	140.89	148.95
Total	264.00	29.46	3.62	289.84	86.06	58.45	3.62	140.89	148.95

	Opening	Additions	Capitalised	Closing
Intangible assets under development	-	**29.46**	**29.46**	-

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Mangalore Chemicals and Fertilizers Limited
Notes to the Ind AS financial statements for the year ended March 31, 2022
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Non-current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
5. Financial assets - Investments				
(Unquoted)				
Investments at fair value through profit or loss				
Bangalore Beverages Limited [200,000 (March 31, 2021: 200,000) Redeemable cumulative preference shares of Re 1 each with coupon rate of 10% p.a. repayable after 20 years]	20,000.00	20,000.00	-	-
Less: Provision for impairment in value of investment (Refer Note 35)	(20,000.00)	(20,000.00)		-
Aditya Birla Sun Life Low Duration Fund - Growth Regular Plan [22,199 (March 31, 2021: 22,199) units of INR 535.94 (March 31, 2021: INR 515.78) each]	-	-	0.10	0.10
Total	-	-	**0.10**	**0.10**
Aggregate amount of unquoted investment (gross)	20,000.00	20,000.00	0.10	0.10
Aggregate amount of impairment in value of investment	20,000.00	20,000.00	-	-

	Non-current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
6. Financial assets - Others				
Financial assets at fair value through profit or loss				
Derivatives not designated as hedges*	-	14.83	43.23	24.76
Financial assets at amortised cost				
Security deposits	616.86	556.86		
Receivable from Gas pool operator	-	-	-	1,472.70
Rebate / discount receivable from suppliers	-	-	1,377.77	429.83
Interest accrued on deposits and receivables				
Related parties (Refer Note 38)	-	-	4,010.72	2,863.76
Others	-	-	59.86	100.71
Total	**616.86**	**571.69**	**5,491.58**	**4,891.76**

*Derivative instruments at fair value through profit or loss reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases

	Non-current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
7. Other assets				
Unsecured, considered good				
Capital advances	935.87	7,746.43	-	-
Advances other than capital advances				
Advance to a related party (Refer Note 38)	-	-	1,980.00	1,980.00
Advance to suppliers	-	-	185.19	119.64
Employees and other advances	-	-	19.64	0.38
Prepaid expenses	350.40	458.36	1,773.22	1,369.76
Goods and Services Tax (GST) refund receivable	-	-	2,442.30	1,706.47
Balance with statutory/ government authorities	-	-	3,893.32	3,913.51
	1,286.27	8,204.79	10,293.67	9,089.76
Unsecured, Credit impaired				
Advances other than capital advances				
Advances to United Breweries (Holdings) Limited (Refer Note 35)	1,668.20	1,668.20	-	-
Balance with statutory/ government authorities	-	-	1,192.26	1,192.26
Less: Provision for impairment of other asset	(1,668.20)	(1,668.20)	(1,192.26)	(1,192.26)
	-	-	-	-
Total	**1,286.27**	**8,204.79**	**10,293.67**	**9,089.76**

(a) There are no advances to directors or other officers of the Company or any of them either severally or jointly with any other person or advances to firms or private companies, respectively, in which any director is a partner or a director or a member.

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8. Inventories (valued at lower of cost and net realisable value)	As at March 31, 2022	As at March 31, 2021
Raw materials and packing materials [includes in transit - INR 7,847.92 Lakhs (March 31, 2021: INR 2,304.23 Lakhs)]	20,395.17	8,846.36
Work-in-progress	35.27	51.74
Finished goods	18,439.38	3,919.16
Traded goods [includes in transit INR Nil (March 31, 2021: INR 35.58 Lakhs)]	150.49	1,531.55
Stores and spares [includes in transit INR 92.87 Lakhs (March 31, 2021: INR 40.14 Lakhs)]	3,957.16	3,789.45
Total	42,977.47	18,138.26

During the year, an amount of INR 119.37 Lakhs (Previous year: INR 33.83 Lakhs) was recognised as an expense for inventories carried at net realisable values.

Refer Note 19 for details of charge

9. Trade receivables	As at March 31, 2022	As at March 31, 2021
Trade receivables	58,519.54	42,647.03
Receivables from related parties (Refer Note 38)	7,983.23	8,211.50
Total	66,502.77	50,858.53
Break-up for security details:		
Trade receivables		
Secured, considered good	4,311.66	2,132.99
Unsecured, considered good	62,191.11	48,725.54
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	1,737.25	1,823.76
	68,240.02	52,682.29
Impairment Allowance (allowance for bad and doubtful debts)		
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	(1,737.25)	(1,823.76)
	66,502.77	50,858.53

(a) Trade receivables include concession/subsidy receivable from the Government of India of INR 57,679.74 Lakhs (March 31, 2021: INR 32,457.95 Lakhs)

(b) No debts are due from directors or other officers of the Company or any of them either severally or jointly with any other person. Also, no debts are due from firms or private companies, respectively, in which any director is a partner or a director or a member

(c) Trade receivables from dealers (other than related parties) are non-interest bearing during normal credit period and are generally on terms of 15 to 120 days. Management is of view that there are no receivables included above which have significant increase in credit risk other than already impaired as per management assessment

(d) For terms and conditions relating to related party receivables, refer Note 38

(e) Trade receivables Ageing Schedule

As at March 31, 2022

	Current but not due*	Outstanding for following periods from due date of payment					
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables – considered good	49,712.38	5,711.03	17.87	3,979.71	4,167.78	-	63,588.77
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	64.20	503.91	1,169.14	1,737.25
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	2,914.00	-	-	2,914.00
Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-
Total	49,712.38	5,711.03	17.87	6,957.91	4,671.69	1,169.14	68,240.02

* Includes unbilled subsidy receivables of INR 48,695.80 Lakhs

As at March 31, 2021

	Current but not due**	Outstanding for following periods from due date of payment					
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables – considered good	35,198.19	6,222.47	2,926.56	3,406.46	190.85	-	47,944.53
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	584.04	258.47	981.25	1,823.76
Disputed Trade receivables – which have significant increase in credit risk	-	2,914.00	-	-	-	-	2,914.00
Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-
Total	35,198.19	9,136.47	2,926.56	3,990.50	449.32	981.25	52,682.29

** Includes unbilled subsidy receivables of INR 23,546.88 Lakhs

(f) Refer Note 19 for details of charge

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10. Cash and cash equivalents	As at March 31, 2022	As at March 31, 2021
Balances with banks		
- On current accounts	8,254.40	2,014.45
- On deposits accounts with original maturity of three months or less	39,950.00	33,225.08
Cash on hand	2.80	1.49
Total	**48,207.20**	**35,241.02**

Cash and cash equivalent balances don't include any amounts which are not available for use by the Company

11. Other bank balances	As at March 31, 2022	As at March 31, 2021
Bank balances on unpaid dividend accounts*	122.16	147.15
Bank deposits with original maturity of 12 months or less but more than 3 months	2,000.00	3,400.00
Margin money deposits	5,392.19	1,432.65
Total	**7,514.35**	**4,979.80**

* The Company can utilise these balances only towards settlement of respective unpaid dividend amounts

Break up of financial assets carried at amortised cost

	Non-current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Trade receivables (Refer Note 9)	-	-	66,502.77	50,858.53
Cash and cash equivalents (Refer Note 10)	-	-	48,207.20	35,241.02
Other bank balances (Refer Note 11)	-	-	7,514.35	4,979.80
Others (Refer Note 6)	616.86	556.86	5,448.35	4,858.00
Total	**616.86**	**556.86**	**127,672.67**	**95,937.35**

12. Equity share capital	As at March 31, 2022	As at March 31, 2021
Authorised share capital		
12,40,00,000 (March 31, 2021: 12,40,00,000) equity shares of INR 10 each	12,400.00	12,400.00
6,00,000 (March 31, 2021: 6,00,000) 13% redeemable cumulative preference shares of INR 100 each	600.00	600.00
	13,000.00	13,000.00
Issued shares		
12,00,00,044 (March 31, 2021: 12,00,00,044) equity shares of INR 10 each	12,000.00	12,000.00
	12,000.00	12,000.00
Subscribed and fully paid-up shares		
11,85,15,150 (March 31, 2021: 11,85,15,150) equity shares of INR 10 each	11,851.52	11,851.52
Forfeited shares (amount originally paid-up)	3.35	3.35
	11,854.87	11,854.87

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at March 31, 2022		As at March 31, 2021	
	Nos	INR in Lakhs	Nos	INR in Lakhs
At the beginning of the year	118,515,150	11,851.52	118,515,150	11,851.52
Changes during the year	-	-	-	-
Outstanding at the end of the year	**118,515,150**	**11,851.52**	**118,515,150**	**11,851.52**

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares issued and paid-up having a par value of INR 10 per share. Each holder of equity share is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% of the shares in the Company

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	Nos	%	Nos	%
Equity shares of INR 10 each fully paid				
Zuari Agro Chemicals Limited (Holding Company)	64,028,362	54.03%	64,028,362	54.03%

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(d) Details of Shares held by Promoters of the Company

As at March 31, 2022

Promoter name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Shradha Agarwala	200,000	-	200,000	0.17%	0.00%
Jyotsna Poddar	157,152	-	157,152	0.13%	0.00%
Gaurav Agarwala	150,000	-	150,000	0.13%	0.00%
Akshay Poddar	959,359	259,144	1,218,503	1.03%	0.22%
Zuari Agro Chemicals Limited	64,028,362	-	64,028,362	54.03%	0.00%
Adventz Finance Private Limited	4,075,361	275,000	4,350,361	3.67%	0.23%
United Breweries Holdings Limited	-	-	-	0.00%	0.00%
Kingfisher Finvest India Limited	-	-	-	0.00%	0.00%
Mcdowell Holdings Limited	1,257,186	-	1,257,186	1.06%	0.00%
Zuari Global Limited	306,194	-	306,194	0.26%	0.00%
Total	**71,133,614**	**534,144**	**71,667,758**	**60.47%**	

As at March 31, 2021

Promoter name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Shradha Agarwala	-	200,000	200,000	0.17%	0.17%
Jyotsna Poddar	100,000	57,152	157,152	0.13%	0.05%
Gaurav Agarwala	150,000	-	150,000	0.13%	0.00%
Akshay Poddar	1,062,644	(103,285)	959,359	0.81%	-0.09%
Zuari Agro Chemicals Limited	64,028,362	-	64,028,362	54.03%	0.00%
Adventz Finance Private Limited	810,000	3,265,361	4,075,361	3.44%	2.76%
United Breweries Holdings Limited	-	-	-	0.00%	0.00%
Kingfisher Finvest India Limited	-	-	-	0.00%	0.00%
Mcdowell Holdings Limited	1,257,186	-	1,257,186	1.06%	0.00%
Zuari Global Limited	-	306,194	306,194	0.26%	0.26%
Total	**67,408,192**	**3,725,422**	**71,133,614**	**60.02%**	

As per records of the Company, the above shareholding represents legal ownership of shares.
No shares have been issued for consideration other than cash for a period of five years immediately preceding the reporting date

13. Other equity	As at March 31, 2022	As at March 31, 2021
Capital redemption reserve		
Balance as per last financial statements	480.78	480.78
Changes during the year	-	-
Closing balance	480.78	480.78
General reserve		
Balance as per last financial statements	5,385.71	5,385.71
Changes during the year	-	-
Closing balance	5,385.71	5,385.71
Retained earnings*		
Balance as per last financial statements	43,004.92	36,836.89
Add Profit for the year	8,786.13	6,709.35
Add Other comprehensive (loss) / income	(20.27)	50.75
Less Appropriations		
Final equity dividend [amount per share INR 1.00 (Previous year INR 0.50 per share)]	(1,185.15)	(592.57)
Closing balance	50,585.63	43,004.92
Total Other Equity	56,452.12	48,871.41

*Includes INR 5,851.55 Lakhs as at March 31, 2022 (March 31, 2021 INR 5,885.38 Lakhs) relating to revaluation of property, plant and equipment

Distribution made and proposed

Dividends on equity shares declared and paid		
Dividend for the year ended March 31, 2021: INR 1 per share (Previous year INR 0.50 per share)	1,185.15	592.57
	1,185.15	592.57
Proposed dividends on equity shares		
Dividend for the year ended March 31, 2022: INR 1.20 per share (Previous year: INR 1 per share)	1,422.18	1,185.15
	1,422.18	1,185.15

Proposed dividend on equity shares is subject to approval at the annual general meeting and is not recognised as a liability as at year end

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14. Non-current borrowings	As at March 31, 2022	As at March 31, 2021
Secured (at amortised cost)		
Foreign currency term loan from a bank	-	1,092.45
Indian currency term loans from banks	28,271.75	18,555.32
Indian currency vehicle loans from bank	3.16	34.43
	28,274.91	19,682.20
Unsecured (at amortised cost)		
Foreign currency term loans from bank	332.97	676.56
	332.97	676.56
Total	28,607.88	20,358.76
Less Amount disclosed under the head "Current Borrowings" (Refer Note 19)	(6,792.75)	(7,642.75)
Non-current borrowings	21,815.13	12,716.01

Secured borrowings

Foreign currency term loan
Term loan from a bank of INR Nil (including current maturities of INR Nil) [March 31, 2021 INR 1,092.45 Lakhs (including current maturities of INR 1,092.45 Lakhs)] carried interest of 2.60% p.a. [March 31, 2021 2.60% p.a.] The loan is repayable in 14 equal installments starting from April 2015 with the last instalment due on October 2021. The loan is secured by hypothecation of assets purchased out of said loan and guarantee issued by Finnvera, the state owned export credit agency of Finland.

Indian currency term loans
Term loan from a bank of INR 3,988.61 Lakhs (including current maturities of INR 1,996.37 Lakhs) [March 31, 2021 INR 5,974.18 Lakhs (including current maturities of INR 1,993.38 Lakhs)] carries interest in the range of 8.00% p.a. to 11.50% p.a. [March 31, 2021 11.10% p.a. to 11.50% p.a.] The loan is repayable in 20 equal quarterly installments starting from June 2019 with the last instalment due on March 2024. The loan is secured by first pari-pasu charge on all movable and immovable fixed assets (alongwith working capital lenders), other than fixed assets exclusively charged to other lenders.

Term loan from a bank of INR 2,486.83 Lakhs (including current maturities of INR 996.31 Lakhs) [March 31, 2021 INR 3,474.37 Lakhs (including current maturities of INR 994.09 Lakhs)] carries interest in the range of 9.30% p.a. to 9.35% p.a. [March 31, 2021 9.35% p.a. to 10.20% p.a.] The loan is repayable in 20 quarterly installments starting from June 2019 with the last instalment due on March 2024. The loan is secured by first pari-pasu charge on all movable and immovable fixed assets, both present and future (other than fixed assets exclusively charged to other lenders) and second pari-passu charge on all current assets, both present and future.

Term loan from a bank of INR 5,921.78 Lakhs (including current maturities of INR 3,196.08 Lakhs) [March 31, 2021 INR 9,106.77 Lakhs (including current maturities of INR 3,192.58 Lakhs)] carries interest in the range of 6.26% p.a. to 6.96% p.a. [March 31, 2021 6.96% p.a. to 7.08% p.a.] The loan is repayable in 15 quarterly installments starting from December 2019 with the last instalment due on February 2024. The loan is secured by first pari-passu first charge over all movable and immovable fixed assets including plant and machinery of the Company (excluding assets exclusively charged to other banks) and first pari-passu with any other security provided to any other lenders including working capital lenders.

Term loan from a bank of INR 5,316.21 Lakhs (including current maturities of INR Nil) [March 31, 2021 INR Nil (including current maturities of INR Nil)] carries interest in the range of 9.95% p.a. The loan is repayable in 28 quarterly installments starting from September 2023 with the last instalment due on June 2030. The loan is secured by first pari-passu first charge on movable fixed assets to be created from proceeds of the facility for improvement in Energy Efficiency Project of the urea plant, with other participating lenders and first pari passu charge over all movable and immovable fixed assets of the Company excluding those exclusively charged to other term lenders.

Term loan from a bank of INR 3,408.12 Lakhs (including current maturities of INR 267.86 Lakhs) [March 31, 2021 INR Nil (including current maturities of INR Nil)] carries interest in the range of 10.00% p.a. The loan is repayable in 28 quarterly installments starting from March 2023 with the last instalment due on December 2029. The loan is secured by first pari-passu first charge on all fixed assets to be created out of the proposed EIP project, with other participating lenders and first pari passu charge over all movable and immovable fixed assets of the Company excluding the fixed assets charged specifically to the term lenders.

Term loan from a bank of INR 3,242.40 Lakhs (including current maturities of INR Nil) [March 31, 2021 INR Nil (including current maturities of INR Nil)] carries interest in the range of 9.50% p.a. The loan is repayable in 28 quarterly installments starting from January 2024 with the last instalment due on October 2030. The loan is secured by first pari-passu first charge on movable fixed assets to be created from proceeds of the facility for improvement in Energy Efficiency Project of the urea plant, with other participating lenders and first pari passu charge over movable and immovable fixed assets of the Company excluding those exclusively charged to other term lenders.

Term loan from a bank of INR 3,907.80 Lakhs (including current maturities of INR Nil) [March 31, 2021 INR Nil (including current maturities of INR Nil)] carries interest in the range of 8.65% p.a. The loan is repayable in 18 quarterly installments starting from August 2023 with the last instalment due on November 2027. The loan is secured by first pari-passu first charge over movable and immovable fixed assets of the Company, excluding those exclusively charged to other term lenders (including long term loans availed for the energy efficiency capital expenditure).

Indian currency vehicle loans
Vehicle loans from a bank of INR 3.16 Lakhs (including current maturities of INR 3.16 Lakhs) [March 31, 2021 INR 34.43 Lakhs (including current maturities of INR 31.27 Lakhs)] carry interest at 8.36% p.a. [March 31, 2021 8.36% p.a.] The loan is repayable in 30 to 48 monthly installments starting from October 2017 with the last instalment due on June 2022 and is secured by first pari-passu charge on fixed assets financed by the said term loans.

Unsecured borrowings

Foreign currency term loans
Term loan from a bank of INR 332.97 Lakhs (including current maturities of INR 332.97 Lakhs) [March 31, 2021 INR 676.56 Lakhs (including current maturities of INR 338.98 Lakhs)] carries fixed interest of 1.4% p.a. [March 31, 2021 11.80% p.a.] The loan is repayable in 14 equal installments starting from August 2016 with the last installment due on February 2023. The loan is secured by guarantee issued by Eksport Kredit Fonden plc (EKF), the state owned export credit agency of Denmark.

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(All amounts in Indian Rupees Lakhs, except as otherwise stated)

15. Lease Liabilities

	Non-current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Lease liabilities (Refer Note 33)	2,068.09	2,100.24	45.66	33.88
	2,068.09	2,100.24	45.66	33.88

16. Financial liabilities - Others

	Non-current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Financial liabilities at fair value through profit or loss				
Derivatives not designated as hedges	15.14	100.76	498.94	1,073.34
Financial liabilities at amortised cost				
Liabilities for capital goods	-	-	4,538.43	1,440.70
Interest accrued but not due on borrowingand others	-	-	174.55	700.26
Security deposits	-	-	5,138.73	5,103.80
Payable to Gas pool operator	-	-	3,117.05	-
Employee benefits payable	-	-	808.50	784.53
Other expenses payable	-	-	2,674.36	2,136.89
Unpaid dividend*	-	-	122.16	147.15
Total	15.14	100.76	17,072.72	11,386.67

*There are no amounts due for payment to the Investor Education and Protection Fund under the Companies Act, 2013 as at year end

17. Provisions

	Non-current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits				
Gratuity (Refer Note 27)	1,134.73	1,212.91	134.05	-
Compensated absences	-	-	893.91	882.34
Total	1,134.73	1,212.91	1,027.96	882.34

18. Deferred tax liabilities (net)

	Balance sheet		Statement of profit and loss	
	As at March 31, 2022	As at March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021
Deferred tax liabilities				
Property, plant and equipment, Right-of-use assets and Intangible assets Impact of difference between tax depreciation and depreciation/amortisation	9,260.06	10,327.01	(1,066.95)	(733.37)
Others	120.23	28.95	91.28	(46.77)
	9,380.29	10,355.96	(975.67)	(780.14)
Deferred tax assets				
Allowance for doubtful receivables	437.27	460.45	(23.18)	116.50
Provision for gratuity and compensated absences	544.35	527.37	16.98	(128.53)
Lease Liability	548.18	555.29	(7.11)	(11.56)
Others	345.27	342.91	2.36	(45.61)
Minimum Alternate Tax ("MAT") credit entitlement	2,398.52	5,682.24	(3,283.72)	(2,629.36)
	4,273.59	7,568.26	(3,294.67)	(2,698.61)
Net deferred tax liability	5,106.70	2,787.70		
Deferred tax charge			2,319.00	1,918.47

Based on the profitability projections, the management is confident that there would be sufficient taxable profits in future which will enable the Company to utilize the aforesaid MAT credit entitlement. Accordingly, deferred tax asset have been recognised on the same. Also Refer Note 31

Reconciliation of movement in deferred tax liabilities (net)

Balance at the beginning of the year	2,787.70	869.20
Tax charge/(credit) during the year		
Recognised in profit and loss	2,329.88	1,891.21
Recognised in OCI	(10.88)	27.26
	2,319.00	1,918.47
Balance at the end of the year	5,106.70	2,787.70

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19. Current borrowings	As at March 31, 2022	As at March 31, 2021
Secured borrowings		
Foreign currency buyer's / suppliers' credit from banks	48,157.89	39,116.43
Indian currency bills discounted with banks	54,724.39	24,961.90
Indian currency cash credit from banks	-	694.96
Current maturities of long-term borrowing (Refer Note 14)	6,459.78	7,303.77
	109,342.06	72,077.06
Unsecured borrowings		
Current maturities of long-term borrowing (Refer Note 14)	332.97	338.98
Indian currency short-term loans from banks	2,671.44	1,098.32
	3,004.41	1,437.30
Total	112,346.47	73,514.36

Secured borrowings

The facilities are secured by first pari-passu charge on all current assets (both present and future) and property, plant and equipment of the Company, excluding assets which are exclusively charged to other lenders. These facilities are repayable within 12 months period. The interest carried on these facilities are - buyers suppliers credits 0.32% to 2.36% p.a. [March 31, 2021: 0.87% to 3.15% p.a.], bills discounted 4.40% to 6.10% p.a. [March 31, 2021: 4.50% to 7.25% p.a.], cash credit 8.75% to 10.25% p.a. [March 31, 2021: 8.80% to 10.15% p.a.]

Unsecured borrowings

The short-term loans are repayable over a maturity period of 45 to 120 days and carry floating interest rate of 7.50% to 8.50% [March 31, 2021: 7.00% to 9.28% p.a.]

The quarterly returns or statements filed by the Company with banks and financial institutions are in agreement with the books of accounts

20. Trade payables	As at March 31, 2022	As at March 31, 2021 *
Trade payables		
- total outstanding dues of micro enterprises and small enterprises (Refer Note 36)	1,057.85	925.80
- total outstanding dues of creditors other than micro enterprises and small enterprises	39,419.36	31,962.40
	40,477.21	32,888.20
Trade payables	40,420.20	32,780.27
Trade payables to related parties (Refer Note 38)	57.01	107.93
Total	40,477.21	32,888.20

*Includes outstanding dues of micro and small enterprises (Refer Note 36 for details)

For explanations on the Company's credit risk management processes, refer Note 41

Trade payables (other than related parties) are normally non-interest bearing and are settled on 30 to 90 days term. For Terms and condition for related parties refer note 38

Trade payables Ageing Schedule

As at March 31, 2022

	Unbilled	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises**	-	1,057.18	-	-	-	0.67	1,057.85
Total outstanding dues of creditors other than micro enterprises and small enterprises	145.80	38,207.73	1,021.67	3.66	0.83	39.67	39,419.36
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	145.80	39,264.91	1,021.67	3.66	0.83	40.34	40,477.21

** Outstanding dues of micro enterprises and small enterprises for more than 3 years of INR 0.67 lakhs pertains to interest provided in earlier years

As at March 31, 2021

	Unbilled	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises***	-	925.12	-	-	0.16	0.52	925.80
Total outstanding dues of creditors other than micro enterprises and small enterprises	742.07	29,846.69	1,119.10	26.21	112.26	116.07	31,962.40
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	742.07	30,771.81	1,119.10	26.21	112.42	116.59	32,888.20

*** Outstanding dues of micro enterprises and small enterprises 2-3 years of INR 0.16 lakhs and more than 3 years of INR 0.52 lakhs pertains to interest provided in earlier years

21. Other current liabilities	As at March 31, 2022	As at March 31, 2021
Statutory dues payable	370.25	417.61
Contract liabilities - Advances from customers**	1,372.48	731.05
Total	1,742.73	1,148.66

**Revenue recognised from amounts included in contract liabilities at the beginning of the year is INR 436.54 Lakhs (March 31, 2021: INR 3,159.30 Lakhs)

Break up of financial liabilities carried at amortised cost

	Non-current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Non Current Borrowings (Refer Note 14)	21,815.13	12,716.91	-	-
Lease Liabilities (Refer Note 15)	2,068.09	2,100.24	45.66	33.88
Current Borrowings (Refer Note 19)	-	-	112,346.47	73,514.36
Trade Payables (Refer Note 20)	-	-	40,477.21	32,888.20
Others (Refer Note 16)	-	-	16,573.78	10,313.33
Total	23,883.22	14,816.25	169,443.12	116,749.77

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Mangalore Chemicals and Fertilizers Limited
Notes to the Ind AS financial statements for the year ended March 31, 2022
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

22. Revenue from contracts with customers	For the year ended March 31, 2022	For the year ended March 31, 2021
Sale of products (including concession/subsidy on fertilisers)		
Manufactured	279,630.13	180,797.63
Traded	9,754.94	33,306.81
Sale of services	9.64	153.57
Other operating revenues (scrap sales)	163.59	144.81
Total	**289,558.30**	**214,402.82**

(a) Disaggregated revenue information

	For the year ended March 31, 2022	For the year ended March 31, 2021
Manufactured		
Urea	165,278.43	91,489.64
Complex fertilizers	105,009.67	79,116.01
Others	9,342.03	10,191.98
	279,630.13	**180,797.63**
Traded		
Complex fertilizers	-	7,620.29
Muriate of Potash (MOP)	6,558.46	5,487.41
Others	3,196.48	20,199.11
	9,754.94	**33,306.81**

(b) Timing of revenue recognition

	For the year ended March 31, 2022	For the year ended March 31, 2021
Products transferred for a point in time	289,548.66	214,249.25
Services rendered at a point in time	9.64	153.57
	289,558.30	**214,402.82**

(c) Reconciliation of amount of revenue recognised with contract price

	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue as per contracted price (including concession / subsidy on fertilisers)	293,732.20	221,128.96
Adjustments		
Rebates	(3,825.36)	(6,395.04)
Others	(348.54)	(331.10)
Revenue from contracts with customers	**289,558.30**	**214,402.82**

(d) Performance obligation

The Company recognises revenue from sale of goods at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods The performance obligation is satisfied upon delivery of the goods and payment is generally due within 15 to 120 days from delivery

The Direct Benefit Transfer (DBT) Scheme entails 100% payment of subsidy to the Company on the basis of actual sales by the retailer to the beneficiary, however, the performance obligation of the Company is satisfied upon delivery of the goods to its customer

(e) Sales of products include government concession / subsidies amounting to INR 196,363.31 Lakhs (Previous year INR 103,060.25 Lakhs) The urea concession has been estimated and accounted as per the Government of India notification dated June 17, 2015. The subsidy on phosphatic and complex fertilisers has been accounted based on the rates announced by the Government of India under Nutrient Based Subsidy Policy, from time to time

(f) The Company recognises Urea concession income from the Government of India (GOI) based on estimates and changes, if any, are recognised in the year of finalisation of the prices by the GOI under the scheme Accordingly, revenue for the year ended March 31, 2022 include additional urea concession income of INR Nil (Previous year INR 1,856.06 Lakhs) relating to immediately preceeding financial year recognised on finalization of escalation/de-escalation claims The urea concession income for the year ended March 31, 2022 have been recognized based on estimates and are pending finalisation by the GOI

(g) Government of India has notified the pooling of Gas in Fertiliser (Urea) sector effective from June 2015 As per the notification, domestic Gas is pooled with Regasified Liquefied Natural Gas (RLNG) to provide natural Gas at uniform delivered price to all Natural Gas Grid connected Urea manufacturing plants

(h) 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

(i) Consequent to reassessment of uncertainity over eventual realization arising due to the order of DoF against the Company (challenged by a writ petition which is pending before DHC), during the year ended March 31, 2021, the Company derecognized subsidy income of INR 2,686 Lakhs relating to higher energy norms which was recognized till December 31, 2020 of fiscal year ended 31 March 2021

(j) For details of contract balances, refer Notes 9 and 21 Also refer Note 39 for segment information

23. Other income	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest income on bank deposits and others	1,928.40	2,117.32
Rental income	109.27	100.82
Insurance claim received	1.00	31.88
Provisions no longer required written back*	345.76	180.17
Foreign exchange differences (net)	-	132.95
Other non-operating income	42.63	106.82
Total	**2,427.06**	**2,669.96**

* Includes Provision for impairment of Trade Receivable written back of INR 86.51 Lakhs [Previous year - provision for impairment of GST credit written back of INR 180.17 Lakhs]

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Mangalore Chemicals and Fertilizers Limited
Notes to the Ind AS financial statements for the year ended March 31, 2022
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

24. Cost of materials consumed

	For the year ended March 31, 2022	For the year ended March 31, 2021
Inventories at the beginning of the year	8,846.36	11,345.33
Add: Purchases during the year	198,483.47	108,518.31
Less: Inventories at the end of the year	20,395.17	8,846.36
Cost of materials consumed	**186,934.66**	**111,017.28**

Materials consumed		
Naphtha	-	29,506.32
Phosphoric acid	68,098.23	39,786.40
Imported ammonia	27,538.62	14,976.97
Natural Gas	74,326.92	13,944.37
Others	16,970.89	12,803.22
Total	186,934.66	111,017.28

25. Purchases of traded goods

	For the year ended March 31, 2022	For the year ended March 31, 2021
Complex fertilizers	-	5,832.46
Muriate of Potash (MOP)	5,534.62	4,111.07
Others	882.29	14,720.74
Total	6,416.91	24,664.27

26. (Increase)/decrease in inventories of finished goods, work-in-progress and traded goods

	For the year ended March 31, 2022	For the year ended March 31, 2021
Inventories at the beginning of the year		
Finished goods	3,919.16	5,017.12
Traded goods	1,531.55	1,797.27
Work-in-progress	51.74	-
	5,502.45	6,814.39
Less: Inventories at the end of the year		
Finished goods	18,439.38	3,919.16
Traded goods	150.49	1,531.55
Work-in-progress	35.27	51.74
	18,625.14	5,502.45
(Increase)/decrease in inventories of finished goods, work-in-progress and traded goods	**(13,122.69)**	**1,311.94**

27. Employee benefits expense

	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, wages and bonus	5,999.91	5,781.34
Gratuity expense [refer note (ii) below]	180.14	207.84
Contribution to provident and other funds [refer note (iii) below]	423.99	436.30
Staff welfare expenses	358.60	372.10
Total	6,962.64	6,797.58

(i) 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.

(ii) The Company operates defined benefit plan i.e., gratuity for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The fund has the form of a trust and it is governed by the Board of Trustees who is responsible for the administration of the plan assets and for the definition of the investment strategy.

	For the year ended March 31, 2022	For the year ended March 31, 2021
The following table summarises the components of net benefit expenses and the funded status for the plan		
(a) Cost charged to the statement of profit or loss under employee cost		
Current service cost	98.32	92.34
Interest cost	111.92	126.93
Return on plan assets	(30.10)	(11.43)
Net employee benefit expense	180.14	207.84

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

(b) Re-measurement (loss)/gain recognised in other comprehensive income	For the year ended March 31, 2022	For the year ended March 31, 2021
Actuarial (loss)/gain		
Change in financial and demographic assumptions	44.43	(31.93)
Experience variance (actual vs assumption)	(63.53)	114.00
Actuarial (loss) on assets	(12.05)	(4.06)
Net actuarial (loss)/gain	**(31.15)**	**78.01**

(c) Changes in the present value of the defined benefit obligation		
Obligations at beginning of the year	1,659.21	1,854.29
Current service cost	98.32	92.34
Interest cost	111.92	126.93
Benefits paid	(493.43)	(332.28)
Actuarial (loss)	19.10	(82.07)
Obligations at end of the year	**1,395.12**	**1,659.21**

(d) Change in fair value of plan assets		
Plan assets at the beginning of the year	446.30	167.96
Return on plan assets	30.10	11.43
Contributions during the year	155.42	604.15
Benefits paid	(493.43)	(332.28)
Actuarial (loss)	(12.05)	(4.96)
Plan assets at end of the year	**126.34**	**446.30**

(e) Benefit asset/(liability)		
Fair value of plan assets	126.34	446.30
Less Present value of defined benefit obligations	1,395.12	1,659.21
Benefit (liability)	**(1,268.78)**	**(1,212.91)**

(f) Major category of plan assets included in fair value of plan assets		
Fund balance with insurance companies	126.34	446.30
Total	**126.34**	**446.30**

(g) The principal assumptions used in determining gratuity obligations for the Company plan are as shown below

Discount rate	7.25%	6.75%
Salary increase rate	6.50%-8.00%	6.50%-8.00%
Employee turnover	1.00%-3.00%	1.00%-3.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall rate of return on assets is determined based on the market price prevailing on that date, applicable to the period over which the obligation is to be settled.

(h) A quantitative sensitivity analysis for significant assumption is as below

	As at March 31, 2022		As at March 31, 2021	
Impact on defined benefit obligation	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Discount rate	(56.41)	61.29	(57.51)	62.30
Salary increase rate	61.27	(56.89)	61.95	(57.71)
Employee turnover	4.42	(5.01)	0.89	(1.05)
Mortality rate	0.23	(0.22)	0.04	(0.04)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable change in key assumptions occurring at the end of the reporting period

(i) The following payments are expected contribution to the defined benefit plans in future years

	For the year ended March 31, 2022	For the year ended March 31, 2021
Within next 12 months	260.40	295.13
Between 2 to 5 years	542.54	846.14
Between 6 to 10 years	416.05	336.73
More than 10 years	1,993.15	1,762.56
Total	**3,212.14**	**3,240.56**

The average duration of the defined benefit plan obligation at the end of the reporting period/year is 9 years (March 31, 2021 7 years)

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(All amounts in Indian Rupees Lakhs, except as otherwise stated)

(iii) Contribution to provident and other funds includes the following defined contributions

	For the year ended March 31, 2022	For the year ended March 31, 2021
Provident fund	267.62	263.18
Superannuation fund and national pension scheme	141.19	155.51
Others	15.18	17.61
Total	423.99	436.30

28. Finance costs	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest expense	2,850.89	5,451.37
Interest on Income Tax	68.00	75.00
Interest on Leases (Refer Note 33)	216.50	218.48
Exchange difference regarded as adjustment to borrowing cost	836.15	1,098.19
Other borrowing costs	968.88	839.88
Total	4,940.42	7,682.92

29. Depreciation and amortisation expense	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation of property, plant and equipment	4,873.61	4,842.93
Depreciation of right of use assets	128.04	129.84
Amortisation of intangible assets	54.10	58.45
Total	5,055.75	5,031.22

30. Other expenses		For the year ended March 31, 2022		For the year ended March 31, 2021
Consumption of stores and spares		882.53		1,054.59
Power, fuel and water		57,756.87		25,345.79
Bagging and other contracting charges		806.43		890.22
Transportation		11,437.20		12,242.36
Repairs and maintenance				
Buildings		160.42		99.88
Plant and equipment		2,468.60		2,895.09
Others		649.58		649.18
Rent		543.10		576.49
Rates and taxes		9.40		41.72
Insurance		723.81		715.31
Travelling and conveyance		176.91		112.50
Net loss on disposal of property, plant and equipment		548.79		226.08
Allowance for doubtful receivable		-		1,101.96
Bad debts written off	-		2,520.20	
Less: Provision for Impairment of trade receivable of previous years [recognised in earlier years]	-	-	(639.10)	1,881.10
Director's sitting fees and remuneration		23.90		22.25
Auditors remuneration (refer details below)		40.15		37.17
CSR expenditure (refer note 37)		152.75		131.91
Donations		-		6.11
Foreign exchange differences (net)		2,426.05		-
Miscellaneous expenses		2,525.17		1,981.80
Total		81,331.66		50,011.51

Payment to Auditors	For the year ended March 31, 2022	For the year ended March 31, 2021
As Auditor		
Statutory audit fee	22.00	20.00
Limited review fee	11.25	10.50
In other capacity		
Certification fees	6.75	6.50
Others (including reimbursement of expenses)	0.15	0.17
Total	40.15	37.17

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31. Tax expenses	For the year ended March 31, 2022	For the year ended March 31, 2021
Income tax related to items charged or credited to statement of profit and loss during the year		
Profit and loss section		
Current tax (Minimum Alternate Tax)	2,350.00	1,955.00
Deferred tax charge (credit)		
MAT credit utilisation	3,283.72	2,629.36
Deferred tax charge for prior years	(160.21)	77.95
Deferred tax credit on others	(793.63)	(816.10)
Total	4,679.88	3,846.21

Deferred tax expense for the year includes deferred tax charge/(credit) relating to prior year recognized towards true-up adjustment on filing of income tax returns by the Company

Other comprehensive income		
Deferred tax (credit)/charge on re-measurement of defined benefit plan	(10.88)	27.26
Total	(10.88)	27.26

Reconciliation of tax expense with accounting profit multiplied by statutory income tax rate

Accounting profit before income tax	13,466.01	10,556.06
Tax as per statutory income tax rate of 34.94% (Previous year 34.94%)	4,705.56	3,688.71
Non-deductible expenses for tax purposes		
CSR expenditure	53.38	46.09
Unrealised foreign exchange gain on capital items	(2.12)	23.47
Deferred tax charge for prior years	(160.21)	77.95
Other non-deductible expenses	35.62	9.26
Impact of change in tax rate for future periods	47.65	0.73
Income tax expense reported in statement of profit and loss account	4,679.88	3,846.21
Effective tax rate	34.75%	36.44%

32. Earnings per share (EPS)	For the year ended March 31, 2022	For the year ended March 31, 2021
The following reflects the profit and share data used in the basic and diluted EPS computation		
Net profit attributable to equity shareholders	8,736.13	6,709.85
Weighted average number of equity shares considered for calculating basic/diluted EPS	118,515,150	118,515,150
Earnings per share (Basic/Diluted)	7.41	5.66

33. Leases

The Company as a lessee

The Company has lease contracts for land, buildings and tanks. The leases for land generally have lease terms between 1 to 30 years, while others generally have lease terms between 1 to 9 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and sub-leasing the leased assets. There are several lease contracts that include extension and termination options, which are further discussed below.

The Company also has certain leases with lease terms of 12 months or less and leases with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Refer Note 3B for details of carrying amounts of right-of-use assets recognised and the movements during the year. Set out below are the carrying amounts of lease liabilities (included under interest-bearing borrowings) and the movements during the year

	For the year ended March 31, 2022	For the year ended March 31, 2021
At the beginning of the year	2,134.12	2,167.19
Additions	15.89	1.89
Leases terminated	-	(4.19)
Accretion of interest	216.50	218.47
Payments	(252.76)	(249.24)
At the end of the year	2,113.75	2,134.12
Current	45.66	33.88
Non-current	2,068.09	2,100.24

The maturity analysis of lease liabilities are disclosed in Note 40(c). The following are the amounts recognised in the statement of profit or loss

Depreciation expense of right-of-use assets	128.04	129.84
Interest expense on lease liabilities	216.50	218.47
Expense relating to short-term leases (included in rent expense)	543.10	576.49
Total amount recognised in the statement of profit or loss	887.64	924.80

The Company had total cash outflows for leases of INR 795.86 Lakhs (Previous year INR 825.73 Lakhs). The Company also had non-cash additions to right-of-use assets and lease liabilities of INR 15.89 Lakhs (Previous year 1.89 Lakhs).

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

The effective interest rate for lease liabilities is 10%, with maturity between 2023-2042

There are no future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term

	For the year ended March 31, 2022	For the year ended March 31, 2021
Expense relating to leases of low-value assets (refer note 33)	-	-
Expense relating to short-term leases (refer note 33)	75.26	71.29
Variable lease payments (refer note 33)	467.84	505.20
Total Lease Payments not considered as Lease payments under Ind AS 116	543.10	576.49

The Company as a lessor

The Company has entered into cancellable operating leases in respect of a portion of its land and building. These leases have terms of between 10 years and above. The leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The total rents recognised as income during the year is INR 109.27 Lakhs (Previous year INR 100.82 Lakhs)

34. Capital and other commitments	For the year ended March 31, 2022	For the year ended March 31, 2021
(a) Estimated amount of contract remaining to be executed (net of capital advances) on capital account and not provided for	14,015.72	11,682.16
(b) For commitments relating to lease arrangements, refer Note 33		

34A. Contingent liabilities

(a) Claims against the Company not acknowledged as debts		
Income tax	358.04	358.04
Excise duty	638.96	5,339.12
Entry tax	334.81	340.52
Customs duty	402.70	402.70
Service tax	15.49	15.49
Others	95.00	95.00

The income tax matters under appeal include certain deductions claimed by the Company for financial years 2012-13 and 2013-14 which have resulted in tax losses, on which deferred tax assets have been recognized and utilized against taxable profits of following years, which have been disallowed by the income tax authorities and the differential tax liability (deferred tax / regular tax) that may arise is estimated to be INR 3,315 Lakhs and interest thereon. The Company is contesting aforesaid disallowances and the management, based on independent tax opinions, believes that its position will likely be upheld in the appellate process and accordingly no expense has been accrued in this regard.

The Company is contesting aforesaid demands and the management, based on advise of its advisors, believes that its position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for these demands raised. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations. The Company does not expect any reimbursements in respect of the above contingent liabilities.

In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management reasonably does not expect that these legal actions, when ultimately concluded and determined, will have any material effect on the Company's results of operations or financial condition.

(b) Other money for which the Company is contingently liable		
Bank guarantees	864.96	193.50

35. The Company in an earlier year 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. This investment of INR 20,000 Lakhs and advances of INR 1,668.20 Lakhs aggregating to INR 21,668.20 Lakhs were fully provided for during the year ended March 31, 2016

36. Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

	For the year ended March 31, 2022	For the year ended March 31, 2021
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises*	1,057.18	925.13
- Interest due on above	0.67	0.67
- Total	1,057.85	925.80
*Excluding liabilities for capital goods of INR 845.99 Lakhs (March 31, 2021 INR 98.53 Lakhs)		
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	0.67	0.67

The information given above is to the extent such parties have been identified by the Company on the basis of information disclosed by the suppliers

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37. Details of CSR expenditure	For the year ended March 31, 2022	For the year ended March 31, 2021
a) Gross amount required to be spent by the Company during the year	152.75	131.67
b) Amount approved by the Board to be spent during the year	152.75	132.00

c) Amount spent during the year ending on 31 March 2022

	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	152.75	-	152.75

d) Amount spent during the year ending on 31 March 2021

	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	131.91	-	131.91

e) Details related to spent / unspent obligations	For the year ended March 31, 2022	For the year ended March 31, 2021
i) Amount spent	152.75	131.91
ii) Unspent amount in relation to		
- Ongoing project	-	-
- Other than ongoing project	-	-
Total	152.75	131.91

Details of excess amount spent

In case of S. 135(5) Excess amount spent			
Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing Balance
0.24	152.75	152.75	0.24

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38. Related party disclosures

Names of related parties

Names of related parties where control exists irrespective of whether transactions have occurred or not

Holding Company	Zuari Agro Chemicals Limited ("ZACL")
Common control	Paradeep Phosphates Limited ("PPL") Zuari Management Services Limited ("ZMSL") Zuari FarmHub Limited ("ZFL")
Promoters/Promoters Group	Zuari Global Limited McDowell Holdings Limited United Breweries Holdings Limited Kingfisher Finvest India Limited Mrs Jyotsna Poddar Mrs Shradha Agarwala Mr Gaurav Agarwala

Names of other related parties with whom transactions have taken place during the year

Key Management Personnel	Mr Shubhabrata Saha, Managing Director (w.e.f 16.09.2021) Mr N Suresh Krishnan, Managing Director (KMP till 31.12.2020) Mr K Prabhakar Rao, Whole-time director (till 31.12.2021) Mr T M Muralidharan, Chief Financial Officer Mr Vijayamahantesh Khannur, Company Secretary
Directors	Mr Akshay Poddar Mr DA Prasanna Ms. Rita Menon Mr Dipankar Chatterji Mr Arun Duggal (till 28.09.2020) Mr. N. Suresh Krishnan (w.e.f 01.01.2021 till 16.09.2021) Mr Shashi Kant Sharma (till 15.09.2020) Mr Sunil Sethy (till 31.07.2020) Mr Nitin Manguesh Kantak (w.e.f 01.01.2022)
Enterprises in which directors/shareholders are interested	Lionel India Limited ("LIL") Adventz Finance Private Limited
Employee benefit trusts	MCF Ltd Employees Gratuity Fund Trust ("MCF Gratuity Trust") MCF Ltd Employees Superannuation Trust ("MCF Superannuation Trust")

Summary of transactions entered into with related parties during the year

	Holding Company		Common control		Key Management Personnel and Directors		Others including Promoters & Promoters Group	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Sale of goods (net)								
ZFL	-	-	4,173.50	3,673.58	-	-	-	-
PPL	-	-	-	342.68	-	-	-	-
	-	-	**4,173.50**	**4,016.26**	-	-	-	-
Purchase of goods (net)								
PPL	-	-	1,077.28	-	-	-	-	-
	-	-	**1,077.28**	-	-	-	-	-
Interest income								
ZACL	1,146.96	1,183.00	-	-	-	-	-	-
	1,146.96	**1,183.00**	-	-	-	-	-	-
Interest expense								
ZFL	-	-	5.12	-	-	-	-	-
PPL	-	-	1.50	6.85	-	-	-	-
	-	-	**6.62**	**6.85**	-	-	-	-
Purchase of services								
ZMSL	-	-	112.61	122.04	-	-	-	-
	-	-	**112.61**	**122.04**	-	-	-	-
Travel expenses paid								
LIL	-	-	-	-	-	-	25.98	22.25
	-	-	-	-	-	-	**25.98**	**22.25**
Reimbursement of expenses by the Company								
ZACL	72.59	11.50	-	-	-	-	-	-
ZFL	-	-	136.02	-	-	-	-	-
PPL	-	-	-	0.13	-	-	-	-
Adventz Finance Private Limited			-	-	-	-	29.47	28.06
Mr. Arun Duggal	-	-	-	-	-	24.00	-	-
	72.59	**11.50**	**136.02**	**0.13**	-	**24.00**	**29.47**	**28.06**

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(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Holding Company		Common control		Key Management Personnel and Directors		Others including Promoters & Promoters Group	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Reimbursement of expenses to the Company								
ZACL	53.44	1.52	-	-	-	-	-	-
PPL	-	-	2.24	12.87	-	-	-	-
	53.44	1.52	2.24	12.87	-	-	-	-
Sitting fees paid								
Mr Akshay Poddar	-	-	-	-	3.80	2.70	-	-
Mr Arun Duggal	-	-	-	-	-	2.40	-	-
Mr DA Prasanna	-	-	-	-	6.50	5.10	-	-
Mr Dipankar Chatterji	-	-	-	-	5.50	4.50	-	-
Mr Shashi Kant Sharma	-	-	-	-	-	1.20	-	-
Mr Sunil Sethy	-	-	-	-	-	0.95	-	-
Mr Suresh Krishnan	-	-	-	-	2.10	0.70	-	-
Ms Rita Menon	-	-	-	-	5.50	4.70	-	-
Mr Nithin M Kantak	-	-	-	-	0.50	-	-	-
	-	-	-	-	23.90	22.25	-	-
Dividend paid on equity shares								
ZACL	640.28	320.14	-	-	-	-	-	-
Adventz Finance Private Limited	-	-	-	-	-	-	-	-
Zuari Global Limited	-	-	-	-	-	-	43.00	12.38
McDowell Holdings Limited	-	-	-	-	-	-	3.06	-
Mrs Jyotsna Poddar	-	-	-	-	-	-	12.57	6.29
Mrs Shradha Agarwala	-	-	-	-	-	-	1.57	0.50
Mr Gaurav Agarwala	-	-	-	-	-	-	2.00	-
Mr Akshay Poddar	-	-	-	-	-	-	1.50	0.75
Mr D A Prasanna	-	-	-	-	9.59	5.55	-	-
Mr Vijayamahantesh Khannur	-	-	-	-	0.11	-	-	-
Mr Arun Duggal	-	-	-	-	0.00	0.00	-	-
	-	-	-	-	-	1.28	-	-
	640.28	320.14	-	-	9.70	6.83	63.70	19.92
Contributions made								
MCF Gratuity Trust	-	-	-	-	-	-	155.42	604.15
MCF Superannuation Trust	-	-	-	-	-	-	80.47	94.34
	-	-	-	-	-	-	235.89	698.49

Compensation of key management personnel*	March 31, 2022	March 31, 2021
Short-term employee benefits		
Post-employment gratuity and medical benefits	465.39	360.08
Termination benefits	-	-
Share-based payment transactions	-	-
	-	-
Total compensation paid to key management personnel	465.39	360.08

*The amounts disclosed above are the amounts recognised during the reporting period related to key management personnel. As the liabilities for gratuity and compensated absences are provided on an actuarial basis for the Company as a whole, the amount pertaining to the key management personnel is not ascertainable and, therefore, not included above.

Summary of balances as at year end.

	Holding Company		Common control		Key Management Personnel and Directors		Others including Promoters & Promoters Group	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Interest receivable								
ZACL	4,010.72	2,863.76	-	-	-	-	-	-
	4,010.72	2,863.76	-	-	-	-	-	-
Advance to suppliers								
ZACL	1,980.00	1,980.00	-	-	-	-	-	-
	1,980.00	1,980.00	-	-	-	-	-	-
Trade receivables								
ZACL	7,983.01	8,002.05	-	-	-	-	-	-
ZFL	-	-	-	209.45	-	-	-	-
PPL	-	-	0.22	-	-	-	-	-
	7,983.01	8,002.05	0.22	209.45	-	-	-	-
Trade payables								
ZFL	-	-	43.14	-	-	-	-	-
PPL	-	-	-	94.84	-	-	-	-
Adventz Finance Private Limited	-	-	-	-	-	-	-	-
LIL	-	-	-	-	-	-	-	7.85
	-	-	-	-	-	-	13.87	5.24
	-	-	43.14	94.84	-	-	13.87	13.09

Terms and conditions of transactions with related parties

The transactions for sale and purchases with related parties are made on terms equivalent to those prevailing in arm's length transactions. The outstanding receivable / payable balances are generally unsecured and interest is charged as per terms agreed with the related parties. There have been no guarantees provided or received for any related party receivables or payables.

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39. Segment information

The Company is engaged in the manufacture, sale and trading of fertilizers which the management has considered as single business operating segment. Further, the Company operates in India and caters to the needs of only domestic market. Accordingly, no further disclosures are required.

Revenue from single customer i.e. Government of India amounted to INR 196,363.31 Lakhs (Previous year: INR 103,060.25 Lakhs) arising from the concession subsidy on fertilisers.

40. Financial instruments fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the Ind AS financial statements are categorised within the fair value hierarchy, as below, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The fair value measurement hierarchy of the Company's assets and liabilities is as below:

	Carrying amount		Fair values					
			Level 1		Level 2		Level 3	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Financial assets measured at fair value								
Derivatives not designated as hedges	43.23	39.59	-	-	43.23	39.59	-	-
Financial assets for which fair values are disclosed								
Trade receivables	66,502.77	50,858.53	-	-	66,502.77	50,858.53	-	-
Cash and cash equivalents	48,207.20	35,241.02	-	-	48,207.20	35,241.02	-	-
Other bank balances	7,514.35	4,979.80	-	-	7,514.35	4,979.80	-	-
Security deposits	616.86	556.86	-	-	616.86	556.86	-	-
Receivable from Gas pool operator	-	1,472.70	-	-	-	1,472.70	-	-
Rebate / discount receivable from suppliers	1,377.77	420.83	-	-	1,377.77	420.83	-	-
Interest accrued on deposits and others	4,070.58	2,964.47	-	-	4,070.58	2,964.47	-	-
Financial liabilities measured at fair value								
Derivatives not designated as hedges	514.08	1,174.10	-	-	514.08	1,174.10	-	-
Financial liabilities for which fair values are disclosed								
Borrowings	134,161.60	86,230.37	-	-	134,161.60	86,230.37	-	-
Lease Liabilities	2,113.75	2,134.12	-	-	2,113.75	2,134.12	-	-
Trade payables	40,477.21	32,888.20	-	-	40,477.21	32,888.20	-	-
Liability for capital goods	4,538.43	1,440.70	-	-	4,538.43	1,440.70	-	-
Interest accrued on borrowings	174.55	700.26	-	-	174.55	700.26	-	-
Security deposits	5,138.73	5,103.80	-	-	5,138.73	5,103.80	-	-
Other payables	6,722.07	3,068.57	-	-	6,722.07	3,068.57	-	-

There has been no transfers between levels during the year. The fair values of derivatives are based on derived mark-to-market values. The management has assessed that the carrying values of financial assets and financial liabilities for which fair values are disclosed, reasonably approximate their fair values because these instruments have short-term maturities.

Borrowings include Indian currency and Foreign currency long-term loans wherein interest rates are linked to benchmark rates (Marginal Cost of Lending Rates/ Prime Lending Rates) of respective lenders. These benchmark rates are determined based on cost of funds of the lenders, as well as, market rates. The benchmark rates are periodically revised by the lenders to reflect prevalent market conditions. Accordingly, effective cost of debt for borrowings at any point of time is in line with the prevalent market rates. Due to these reasons, management is of the opinion that they can achieve refinancing, if required, at similar cost of debt, as current effective interest rates. Hence, the discounting rate for calculating the fair value of Borrowings has been taken in line with the current cost of debt.

41. Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, trade and other receivables, cash and cash equivalents, bank balances, security deposits and derivatives that are out of regular business operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's risk management is carried out by a treasury department under policies approved by the Board of Directors. The Board of Directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument that will fluctuate because of changes in market prices. Market risk comprises three types of risk i.e. interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include borrowings, derivatives financial instruments and trade payables.

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i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's borrowings with floating interest rates. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, without considering impact of derivatives not designated as hedges, as follows

	March 31, 2022		March 31, 2021	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
INR Borrowings	(428.35)	428.35	(237.40)	237.40
USD Borrowings	(240.79)	240.79	(195.58)	195.58
EURO Borrowings	(1.00)	1.00	(8.85)	8.85

ii. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's foreign currency borrowings and trade payables. The summary of derivative instruments and unhedged foreign currency exposere is as below

Derivatives (not designated as hedges) outstanding as at the reporting date

Type	Currency	March 31, 2022		March 31, 2021	
		Foreign currency in Lakhs	INR in Lakhs	Foreign currency in Lakhs	INR in Lakhs
Cross currency swaps*	EURO	-	-	1.94	166.76
Interest rate swaps*	EURO	-	-	1.94	166.76
Forward contracts	USD	729.37	55,280.48	563.31	41,183.93

*Amount disclosed represents the underlying principal amount of loan

Un-hedged foreign currency exposure as at the reporting date

	As at March 31, 2022	As at March 31, 2021
Rebate / discount receivable from suppliers	1,377.77	420.83
Trade receivables	-	-
Borrowings	9,150.55	5,186.48
Trade payables	10,346.94	13,405.05

The following tables demonstrate the sensitivity to a reasonably possible change in foreign exchange rates, with all other variables held constant and without considering impact of derivatives not designated as hedges

	March 31, 2022		March 31, 2021	
	5% increase	5% decrease	5% increase	5% decrease
Impact on profit before tax				
USD	(889.29)	889.29	(822.84)	822.84
GBP	-	-	(5.34)	5.34
EURO	(16.70)	16.70	(80.35)	80.35

iii. Commodity price risk

The Company's operating activities required purchase of Naphtha and Furnace Oil till November 2020. From December 2020, the Company's operating activities require the ongoing purchase of natural gas. Naphtha, Furnace Oil and Natural gas being international commodities are subject to price fluctuation on account of the change in the crude oil prices, demand supply pattern and exchange rate fluctuations. The Company is not affected by the price volatility of the natural gas as under the Urea pricing formula the cost of natural gas is pass through if the consumption of natural gas is within the permissible norm for manufacturing of Urea

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments if a counterparty default on its obligations. The Company's exposure to credit risk arises majorly from trade and other receivables. Other financial assets like security deposits and bank deposits are mostly with government authorities and scheduled banks and hence, the Company does not expect any credit risk with respect to these financial assets

Trade Receivables

The Trade receivables can be classified into two categories, from the customers and from the Government in the form of subsidy/concession. The concession/subsidy receivable classified under trade receivables amounting to INR 57,679.74 Lakhs (March 31, 2021 INR 32,457.95 Lakhs) is receivable from the Government of India in the form of subsidy and being of sovereign nature credit risk is not perceived. The receivables from customers also include INR 7,983.23 Lakhs (March 31, 2021 INR 8,211.50 Lakhs) receivable from related party on which management does not expect any challenge in realisation. Further, as per terms agreed with related parties, interest is also charged on the overdue balances

From market receivables from customers, the Company extends credit to customers in the normal course of business. The Company considers factors such as credit track record in the market and past dealings for extending credit to customers. The Company monitors the track record of the payments by the customers and the receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, since the customer base is large and located in several jurisdictions and operate in largely independent markets. The Company has also taken security deposits from its customers, which mitigate the credit risk to some extent. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 9. The Company holds collateral as security for many of its customers. At March 31, 2022 8.62 % (31 March 2021 11.59%) of the Company's trade receivables from customers are covered by collateral security

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An impairment analysis is performed at the reporting date using a provision matrix to measure expected credit losses ("ECL"). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Though the required amount of ECL provision as at March 31, 2022 is lower than the provision as at March 31, 2021, the Company is carrying ECL of INR 500.03 Lakhs same as previous year on conservative basis.

Reconciliation of impairment of trade receivable and other assets

	As at March 31, 2022	As at March 31, 2021
Impairment of Trade receivable		
Balance at the beginning of the year	1,823.76	1,360.90
Add: Provision made during the year	-	1,101.96
Less: Reversal of earlier years provisions	(86.51)	-
Less: Bad debts written off from earlier years provisions	-	(639.10)
Balance at the end of the year*	1,737.25	1,823.76
Impairment of Other assets		
Balance at the beginning of the year	1,192.26	1,372.43
Add: Provision made during the year	-	-
Less: Provision reversed during the year	-	(180.17)
Balance at the end of the year	1,192.26	1,192.26

* Balance at the end of the year includes ECL provision amounting to INR 500.03 Lakhs

(c) Liquidity risk

The Company's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements at all times. The Company relies on a mix of borrowings and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium/long term expansion needs. The Company monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below summarises the maturity profile of the Company's financial liabilities on undiscounted basis

	Maturities				
	Upto 1 year	1-3 years	3-5 years	Above 5 years	Total
March 31, 2022					
Non-current borrowings	6,792.75	14,174.73	5,448.54	2,191.86	28,607.88
Lease liabilities	259.12	531.48	535.53	3,660.31	4,986.44
Current borrowings	105,553.72	-	-	-	105,553.72
Trade payables	40,477.21	-	-	-	40,477.21
Other financial liabilities	17,072.72	15.14	-	-	17,087.86
Total	**170,155.52**	**14,721.35**	**5,984.07**	**5,852.17**	**196,713.11**
March 31, 2021					
Non-current borrowings	7,642.75	12,716.01	-	-	20,358.76
Lease liabilities	249.76	511.24	529.20	3,931.00	5,221.20
Current borrowings	65,871.61	-	-	-	65,871.61
Trade payables	32,888.20	-	-	-	32,888.20
Other financial liabilities	11,386.67	100.76	-	-	11,487.43
Total	**118,038.99**	**13,328.01**	**529.20**	**3,931.00**	**135,827.20**

42. Ratio Analysis and its elements

Ratio	Numerator	Denominator	As at March 31, 2022	As at March 31, 2021	% change	Reason for variance above 25% as per Schedule III requirement
Current ratio	Current Assets	Current Liabilities	1.04	1.03	1.7%	-
Debt- Equity Ratio	Total Debt	Shareholder's Equity	1.96	1.42	(38.3%)	Increase in debt for capital expenditure projects
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	1.67	1.40	19.2%	-
Return on Equity ratio	Net Profits after taxes	Average Shareholder's Equity	12.86%	11.05%	16.4%	-
Inventory Turnover ratio	Cost of goods sold	Average Inventory	5.90	6.41	(8.0%)	-
Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	4.93	2.19	125.0%	Improved collections
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	5.59	2.95	(89.6%)	Improved Liquidity

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Ratio	Numerator	Denominator	As at March 31, 2022	As at March 31, 2021	% change	Reason for variance above 25% as per Schedule III requirement
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets - Current liabilities	38.39	68.26	43.8%	Improved Working Capital cycle
Net Profit ratio	Net Profit	Net sales = Total sales - sales return	3.03%	3.13%	3.0%	-
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	9.98%	12.93%	(22.8%)	-
Return on Investment	Interest (Finance Income)	Investment	0.00%	0.00%		There are no investment

43. Other Statutory Information

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property

(ii) **The details of transactions with struck off Companies are given below**

Name of the Struck off Company	Nature of transactions with struck off company	Balance Outstanding (INR)
Varshak Shares Limited	Shares held by struck off company	60.00
Pushkar Financial Services Limited		10.00
Eastcoast Investments Limited		1,000.00
Ingita Financial Services Limited		1,000.00
Kothari & Sons (Nominees) Private Limited		1,000.00
New Ambadi Investments Private Limited		5,000.00
Naimnath Investments Private Limited		5,000.00
Usha Holdings Private Limited		500.00

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year

(v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall.

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(vii) The Company has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

44. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity shareholders. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and capital ratios in order to support its business and maximise shareholder value

The Company monitors capital using a gearing ratio, which is net debt divided by total capital. The Company includes within net debt, all non-current and current borrowings reduced by cash and cash equivalents and other bank balances

	Notes	As at March 31, 2022	As at March 31, 2021
Non-current borrowings	14	21,815.13	12,716.01
Lease Liabilities	15	2,113.75	2,134.12
Current borrowings	19	112,346.47	73,514.36
Less: Cash and cash equivalents	10	(48,207.20)	(35,241.02)
Less: Other bank balances (excluding unpaid dividend accounts)	11	(7,392.19)	(4,832.65)
Net debt (A)		**80,675.96**	**48,290.82**
Equity share capital	12	11,854.87	11,854.87
Other equity	13	56,452.12	48,871.41
Total equity (B)		**68,306.99**	**60,726.28**
Gearing ratio (A / B)		**118%**	**80%**

In order to achieve this overall objective, the Company's capital management, amongst other things, also ensures that it meets financial covenants attached to the interest-bearing borrowings that define capital structure requirements

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2022 and March 31, 2021.

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45 Previous period/year figures have been regrouped/ re-classified wherever necessary, to conform to current period's classification in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013 effective April 01, 2021.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Pravin Tulsyan
Partner
Membership Number: 108044

Place of Signature: Gurugram
Date: May 17, 2022

For and on behalf of the Board of Directors of
Mangalore Chemicals and Fertilizers Limited

Shubhabrata Saha
Managing Director
DIN: 03036747

Nitin M Kantak
Director
DIN: 08029847

T.M. Muralidharan
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary

Date: May 17, 2022