MANGALORE CHEMICALS AND FERTILISERS LIMITED

IND AS FINANCIAL STATEMENTS – MARCH 31, 2018
TOGETHER WITH AUDITORS' REPORT

S.R. BATLIBOI & CO. LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of Mangalore Chemicals and Fertilisers Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Mangalore Chemicals and Fertilisers Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement, the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS 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 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

S.R. BATLIBOI & CO. LLP
NEW DELHI

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by 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, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to Note 22(b) to the accompanying Ind AS financial statements regarding Urea concession income from the Government of India (GOI), which is being recognised based on estimates and changes, if any, are recognised in the year of finalisation of the prices by the GOI under the scheme. Our opinion is not qualified in respect of this matter.

Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2017, included in these Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 18, 2017.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in "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 purpose 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, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

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

(e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act;

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NEW DELHI

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

(g) 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, 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 Ind AS financial statements – Refer Note 35(a) to the Ind AS financial statements;

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

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

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

per Anil Gupta
Partner
Membership No.: 87921

Place : New Delhi
Date : May 24, 2018

S.R. BATLIBOI & CO. LLP * NEW DELHI *

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF MANGALORE CHEMICALS AND FERTILISERS LIMITED

Statement on the matters specified in paragraphs 3 and 4 of the Companies (Auditor's report) Order, 2016 ("the Order")

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management and confirmation from banks relating to title deeds of immovable properties mortgaged with the banks (refer Note 15 and 19 to the accompanying Ind AS financial statements for details) for securing the borrowings raised by the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"). Accordingly, the provisions of clause 3(iii)(a),(b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, provisions of Section 186 of the Act in respect of investments made by the Company have been complied with. The Company has not advanced loans to directors / to a company in which the director is interested to which provisions of Section 185 of the Act apply and has not given loans /guarantees/ provided security to which the provisions of Section 186 of the Act apply and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(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 Act, 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) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases.

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(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income tax, sales-tax, service tax, goods and service tax, duty of custom, duty of excise, value added tax and cess 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	Commissioner of Income Tax (Appeals)
The Customs Act, 1962	Customs duty	90.60	-	FY 2011-12	Customs, Excise and Service Tax Appellate Tribunal
Karnataka Value Added Tax Act, 2003	Entry tax	60.05	-	FY 2011-12	The High Court of Karnataka

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to banks. The Company did not have any loans or borrowings from financial institution or government and outstanding dues in respect of debenture holders during the year.

(ix) In our opinion and according to information and explanations given by the management, monies raised by the Company by way of term loans were applied for the purposes for which loans were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

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(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Act, where applicable, and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Act.

(xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

per Anil Gupta
Partner
Membership No.: 87921

S.R. BATLIBOI & CO. LLP * NEW DELHI *

Place : New Delhi
Date : May 24, 2018

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF MANGALORE CHEMICALS AND FERTILISERS 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 Fertilisers Limited ("the Company") as of March 31, 2018, 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 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 on Audit of Internal Financial Controls Over Financial Reporting (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 system 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
NEW DELHI

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 system over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial statements were operating effectively as at March 31, 2018, 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 issued by the Institute of Chartered Accountants of India.

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

per Anil Gupta
Partner
Membership No.: 87921

S.R. BATLIBOI & CO. LLP NEW DELHI

Place : New Delhi
Date : May 24, 2018

Mangalore Chemicals
& Fertilizers Limited

ANNUAL ACCOUNTS

2017-18

Mangalore Chemicals and Fertilisers Limited
Balance Sheet as at March 31, 2018
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	60,994.71	62,474.53
Capital work-in-progress	3	3,303.21	1,332.54
Intangible assets	4	96.13	29.25
Financial assets			
(i) Investments	5	-	-
(ii) Loans	6	739.60	630.05
(iii) Others	7	40.98	-
Income tax assets (net)		44.03	13.83
Other non-current assets	8	70.15	349.14
		65,288.81	**64,829.34**
Current assets			
Inventories	9	39,690.86	25,978.76
Financial assets			
(i) Trade receivables	10	121,253.12	124,537.77
(ii) Cash and cash equivalents	11	11,264.04	5,892.32
(iii) Other bank balances	12	823.99	647.66
(iv) Others	7	12,121.52	283.72
Other current assets	8	3,141.64	1,524.90
		188,295.17	**158,865.13**
Total assets		**253,583.98**	**223,694.47**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	11,854.87	11,854.87
Other equity	14	35,877.71	30,548.62
		47,732.58	**42,403.49**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	15	19,686.81	9,957.50
(ii) Others	16	461.87	1,639.10
Provisions	17	1,482.75	1,509.77
Deferred tax liabilities (net)	18	1,337.85	1,667.18
		22,969.28	**14,773.55**
Current liabilities			
Financial liabilities			
(i) Borrowings	19	113,257.79	106,193.98
(ii) Trade payables	20	52,173.07	43,059.79
(iii) Others	16	15,083.08	15,425.95
Other current liabilities	21	1,494.66	977.11
Provisions	17	873.52	860.60
		182,882.12	**166,517.43**
Total equity and liabilities		**253,583.98**	**223,694.47**

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MANGALORE CHEMICALS & FERTILIZERS LTD. * Bangalore

Mangalore Chemicals and Fertilisers Limited
Balance Sheet as at March 31, 2018
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Notes	As at March 31, 2018	As at March 31, 2017
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 Anil Gupta
Partner
Membership Number: 87921

Place: New Delhi
Date: May 24, 2018

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

Arun Duggal
Chairman
DIN: 00024262

N. Suresh Krishnan
Managing Director
DIN: 00021965

K. Prabhakar Rao
Director – Works
DIN: 00898513

T.M. Muralidharan
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary

Place: Gurugram
Date: May 24, 2018

Mangalore Chemicals and Fertilisers Limited
Statement of profit and loss and other comprehensive income for the year ended March 31, 2018
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Notes	March 31, 2018	March 31, 2017
INCOME			
Revenue from operations (gross of excise duty)	22	269,290.26	249,399.35
Other income	23	1,184.77	826.80
Total income		**270,475.03**	**250,226.15**
EXPENSES			
Cost of materials consumed	24	127,168.92	111,331.89
Purchases of stock-in-trade	25	72,396.40	67,703.13
Change in inventories of finished goods, stock-in-trade and work-in-progress	26	(11,390.39)	(746.45)
Excise duty on sale of goods		397.15	1,466.90
Employee benefits expense	27	6,820.77	6,873.03
Finance costs	28	9,042.30	11,629.25
Depreciation and amortisation expense	29	3,699.35	3,526.65
Other expenses	30	54,835.83	45,429.83
Total expenses		**262,970.33**	**247,214.23**
Profit before tax		**7,504.70**	**3,011.92**
Tax expense / (credit)	31		
Current tax (MAT)		1,767.20	680.00
Deferred tax (credit) / charge		(320.76)	390.45
Total tax expense		**1,446.44**	**1,070.45**
Profit for the year		**6,058.26**	**1,941.47**
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurement (losses)/gains on defined benefit plan		(24.53)	16.27
Income tax effect on above		8.57	(5.63)
Total other comprehensive (expense)/income		(15.96)	10.64
Total comprehensive income		6,042.30	1,952.11
Earnings per equity share in Rs.	32		
[nominal value per share Rs.10 (Previous year: Rs.10)]			
Basic		5.11	1.64
Diluted		5.11	1.64
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 Anil Gupta
Partner
Membership Number: 87921

Place: New Delhi
Date: May 24, 2018

S.R. BATLIBOI & CO. LLP ★ NEW DELHI ★

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

Arun Duggal
Chairman
DIN: 00024262

N. Suresh Krishnan
Managing Director
DIN: 00021965

K. Prabhakar Rao
Director – Works
DIN: 00898513

T.M. Muralidharan
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary

Place: Gurugram
Date: May 24, 2018

MANGALORE CHEMICALS & FERTILIZERS LTD. ★ Bangalore

Mangalore Chemicals and Fertilisers Limited
Cash flow statement for the year ended March 31, 2018
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Notes	March 31, 2018	March 31, 2017
A Cash flow from operating activities			
Profit before tax		7,504.70	3,011.92
Adjustments for:			
Depreciation and amortisation expense		3,699.35	3,526.65
Net loss on disposal of property, plant and equipment		494.27	37.94
Allowance for doubtful advances		161.30	-
Allowance for doubtful receivable		425.49	-
Fair value loss/(gain) on financial instruments at fair value through profit or loss		(3,191.08)	1,974.94
Unrealised foreign exchange differences (net)		1,582.38	(3,081.55)
Finance costs		9,042.30	11,629.25
Interest income		(541.39)	(720.61)
Liabilities no longer required written back		(113.98)	-
Operating profits before working capital changes		**19,063.34**	**16,378.54**
Movement in working capital:			
(Increase) in Inventories		(13,712.10)	(2,673.39)
Decrease in Trade receivables		2,859.16	28,323.07
(Increase) in Other financial assets		(11,720.82)	(100.36)
(Increase) in Other assets		(1,777.22)	(190.73)
Increase/(decrease) in Trade payables		9,040.26	(8,889.48)
Increase in Other financial liabilities		1,354.43	1,076.59
Increase in Other current liabilities and provisions		592.90	257.61
Cash generated from operations		**5,699.95**	**34,181.85**
Direct taxes paid		(1,797.40)	(435.43)
Net cash flow from operating activities (A)		**3,902.55**	**33,746.42**
B Cash flow from investing activities			
Purchase of property, plant and equipment including capital work-in-progress and capital advances		(3,925.65)	(2,040.50)
Proceeds from sale of property, plant and equipment		0.80	38.33
Investments in bank deposits (having original maturity of more than three months)		(571.11)	-
Redemption/maturity of bank deposits (having original maturity of more than three months)		267.57	33.42
Interest received		273.88	702.40
Net cash (used in) investing activities (B)		**(3,954.51)**	**(1,266.35)**
C Cash flow from financing activities			
Proceeds from long-term borrowings		12,748.62	3,331.31
Repayment of long-term borrowings		(4,229.73)	(7,690.29)
Proceeds from/(repayment of) short-term borrowings (net)		6,356.99	(11,157.91)
Finance cost paid		(8,738.99)	(11,470.05)
Dividend paid to equity shareholders		(592.58)	-
Dividend distribution tax paid		(120.63)	-
Net cash flow from/(used in) financing activities (C)		**5,423.68**	**(26,986.94)**
Net increase in cash and cash equivalents (A+B+C)		**5,371.72**	**5,493.13**
Cash and cash equivalents at the beginning of the year		5,892.32	399.19
Cash and cash equivalents at the end of the year		**11,264.04**	**5,892.32**

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MANGALORE CHEMICALS & FERTILIZERS LTD. Bangalore

Mangalore Chemicals and Fertilisers Limited
Cash flow statement for the year ended March 31, 2018
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Notes	March 31, 2018	March 31, 2017
Components of cash and cash equivalents			
Cash on hand		1.38	2.67
Cheques, drafts in hand		13.67	13.55
Bank balances on current accounts		2,648.99	5,876.10
Bank balances on deposit accounts with original maturity of three months or less		8,600.00	-
Total cash and cash equivalents		**11,264.04**	**5,892.32**
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 Anil Gupta
Partner
Membership Number: 87921

Place: New Delhi
Date: May 24, 2018

S.R. BATLIBOI & CO. LLP ★ NEW DELHI ★

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

Arun Duggal
Chairman
DIN: 00024262

N. Suresh Krishnan
Managing Director
DIN: 00021965

K. Prabhakar Rao
Director – Works
DIN: 00898513

T.M. Muralidharan
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary

Place: Gurugram
Date: May 24, 2018

MANGALORE CHEMICALS & FERTILIZERS LTD. ★ Bangalore

Mangalore Chemicals and Fertilisers Limited
Statement of changes in equity for the year ended March 31, 2018
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

a) Equity share capital

Equity shares of Rs. 10 each issued, subscribed and fully paid

	As at March 31, 2018		As at March 31, 2017	
	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, 2018 includes Forfeited Shares (amount paid-up) of Rs. 3.35 Lakhs (March 31, 2017: Rs. 3.35 Lakhs).

b) Other equity

	Capital reserve	Capital redemption reserve	Revaluation reserve	General reserve	Retained earnings	Total
	Note 14	Note 14	Note 14	Note 14	Note 14	
Balance as at April 1, 2016	16.84	480.78	6,102.89	5,354.72	16,641.28	28,596.51
Profit for the year	-	-	-	-	1,941.47	1,941.47
Other comprehensive income	-	-	-	-	10.64	10.64
Total comprehensive income	-	-	-	-	1,952.11	1,952.11
Transfer to general reserve	-	-	(30.99)	30.99	-	-
Balance as at March 31, 2017	**16.84**	**480.78**	**6,071.90**	**5,385.71**	**18,593.39**	**30,548.62**
Balance as at April 1, 2017	16.84	480.78	6,071.90	5,385.71	18,593.39	30,548.62
Profit for the year	-	-	-	-	6,058.26	6,058.26
Other comprehensive income	-	-	-	-	(15.96)	(15.96)
Total comprehensive income	-	-	-	-	6,042.30	6,042.30
Transfer to retained earnings	(16.84)	-	(6,071.90)	-	6,088.74	-
Cash dividends (Refer Note 14)	-	-	-	-	(592.58)	(592.58)
Dividend distribution tax	-	-	-	-	(120.63)	(120.63)
Balance as at March 31, 2018	-	**480.78**	-	**5,385.71**	**30,011.22**	**35,877.71**

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 Anil Gupta
Partner
Membership Number: 87921

Place: New Delhi
Date: May 24, 2018

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

Arun Duggal
Chairman
DIN: 00024262

N. Suresh Krishnan
Managing Director
DIN: 00021965

K. Prabhakar Rao
Director – Works
DIN: 00898513

T.M. Muralidharan
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary

Place: Gurugram
Date: May 24, 2018

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1. Corporate information

Mangalore Chemicals and Fertilisers Limited ("MCF" or "the Company") is a public limited company domiciled in India and incorporated under the provisions of the Indian Companies Act. Its shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). 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 in their meeting held on May 24, 2018.

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. The Ind AS financial statements have been prepared on a historical cost basis, except for assets and liabilities which have been 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 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 annual period beginning from on or after April 1, 2017 relating to additional disclosure of changes in liabilities arising from financing activities on account of non-cash transactions in the cash flow statement.

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.

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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.

(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:

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- 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.

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 distribution 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 and the other fair value related disclosures are given in the relevant notes.

(d) Revenue recognition

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 all of its revenue arrangements.

Based on the Educational Material on Ind AS 18 issued by the Institute of Chartered Accountants of India ("ICAI"), the Company has assumed that recovery of excise duty flows to the Company on its own account and hence is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty. However, Goods and Service Tax (GST)/sales tax/value added tax (VAT) 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 following specific recognition criteria must also be met before revenue is recognized:

Sale of products

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 the significant risks and rewards of ownership of the goods have passed to the buyer. 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.

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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.

Sale of services

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

Interest

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 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.

(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.

(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.

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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 year 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 period, i.e., the period 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) / Sales/value added taxes 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.

(g) Property, plant and equipment

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.

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

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 machinery (continuous process plant)	25
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 (non-continuous process plant) 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.

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.

(h) Intangible assets

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.

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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.

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 determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is or contains a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

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The Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. 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.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

(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.

Stock-in-trade: 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.

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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 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.

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(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. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes changes in the net defined benefit obligation which includes service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and net interest expense or income, as an expense in the statement of profit and loss.

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.

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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 market place (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)

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.

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.

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 FVTPL, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

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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 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 year 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.

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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.

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 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.

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.

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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.

(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.

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(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.

(v) 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 periods.

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 explained in relevant notes in these Ind AS financial statements.

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Mangalore Chemicals and Fertilisers Limited
Notes to the Ind AS financial statements for the year ended March 31, 2018
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

3. Property, plant and equipment

	Cost or Valuation				Depreciation				Net book value
	As at April 1, 2017	Additions	Deletions	As at March 31, 2018	As at April 1, 2017	For the year	On Deletions	As at March 31, 2018	As at March 31, 2018
Freehold land	6,867.78	-	-	6,867.78	-	-	-	-	6,867.78
Buildings	4,491.08	143.74	8.32	4,626.50	295.98	156.23	0.99	451.22	4,175.28
Railway sidings	500.41	-	-	500.41	92.75	45.56	-	138.31	362.10
Roads, drainage and culverts	289.17	89.89	-	379.06	108.12	32.80	-	140.92	238.14
Plant and equipment [(a)]	56,066.65	2,228.64	734.11	57,561.18	5,881.54	3,310.82	259.03	8,933.33	48,627.85
Electrical installations and fittings	241.82	0.49	-	242.31	46.53	30.14	-	76.67	165.64
Office equipment	248.72	47.29	-	296.01	105.73	31.03	-	136.76	159.25
Furniture and fixtures	285.50	67.58	49.53	303.55	131.08	50.14	37.09	144.13	159.42
Cranes and locomotives	153.90	-	0.07	153.83	35.39	13.34	0.06	48.67	105.16
Vehicles - Owned	33.24	125.33	0.21	158.36	6.62	17.65	-	24.27	134.09
Total	**69,178.27**	**2,702.96**	**792.24**	**71,088.99**	**6,703.74**	**3,687.71**	**297.17**	**10,094.28**	**60,994.71**
Capital work-in-progress [(a)]	**1,332.54**	**4,673.63**	**2,702.96**	**3,303.21**					

Previous year

	Cost or Valuation				Depreciation				Net book value
	As at April 1, 2016	Additions	Deletions	As at March 31, 2017	As at April 1, 2016	For the year	On Deletions	As at March 31, 2017	As at March 31, 2017
Freehold land	6,867.78	-	-	6,867.78	-	-	-	-	6,867.78
Leasehold land [(b)]	3.04	-	3.04	-	-	-	-	-	-
Buildings	4,357.17	137.68	3.77	4,491.08	134.16	162.09	0.27	295.98	4,195.10
Railway sidings	500.41	-	-	500.41	46.53	46.22	-	92.75	407.66
Roads, drainage and culverts	272.56	16.61	-	289.17	59.72	48.40	-	108.12	181.05
Plant and equipment [(a)]	54,504.88	1,621.77	60.00	56,066.65	2,789.93	3,101.69	10.08	5,881.54	50,185.11
Electrical installations and fittings	241.82	-	-	241.82	16.23	30.30	-	46.53	195.29
Office equipment	224.12	26.29	1.69	248.72	54.31	51.73	0.31	105.73	142.99
Furniture and fixtures	289.74	6.18	10.42	285.50	70.87	66.17	5.96	131.08	154.42
Cranes and locomotives	153.90	-	-	153.90	22.08	13.31	-	35.39	118.51
Vehicles - Owned	25.48	9.11	1.35	33.24	2.88	3.74	-	6.62	26.62
- Leased	25.57	-	25.57	-	16.86	1.20	18.06	-	-
Total	**67,466.47**	**1,817.64**	**105.84**	**69,178.27**	**3,213.57**	**3,524.85**	**34.68**	**6,703.74**	**62,474.53**
Capital work-in-progress [(a)]	**1,317.91**	**1,832.27**	**1,817.64**	**1,332.54**					

(a) Additions to plant and equipment and capital work-in-progress during the year include Rs. 12.22 Lakhs (March 31, 2017 : Nil) and Rs. 141.02 Lakhs (March 31, 2017 : Nil), respectively, towards capitalisation of borrowing cost.

(b) Leasehold land of Rs. 3.04 Lakhs was towards 3.041 acres taken on lease from the New Mangalore Port Trust.

4. Intangible assets

	Cost				Amortisation				Net book value
	As at April 1, 2017	Additions	Deletions	As at March 31, 2018	As at April 1, 2017	For the year	On Deletions	As at March 31, 2018	As at March 31, 2018
Computer software	33.61	78.52	-	112.13	4.36	11.64	-	16.00	96.13
Total	**33.61**	**78.52**	**-**	**112.13**	**4.36**	**11.64**	**-**	**16.00**	**96.13**

Previous year

	Cost				Amortisation				Net book value
	As at April 1, 2016	Additions	Deletions	As at March 31, 2017	As at April 1, 2016	For the year	On Deletions	As at March 31, 2017	As at March 31, 2017
Computer software	40.44	-	6.83	33.61	4.26	1.80	1.70	4.36	29.25
Total	**40.44**	**-**	**6.83**	**33.61**	**4.26**	**1.80**	**1.70**	**4.36**	**29.25**

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Mangalore Chemicals and Fertilisers Limited
Notes to the Ind AS financial statements for the year ended March 31, 2018
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Non-current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
5. Financial assets - Investments (Unquoted)				
Investments at fair value through profit or loss				
Bangalore Beverages Limited [200,000 (March 31, 2017: 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 36)	20,000.00	20,000.00	-	-
Total	-	-	-	-
Aggregate amount of unquoted investment (gross)	20,000.00	20,000.00	-	-
Aggregate amount of impairment in value of investment	20,000.00	20,000.00	-	-
6. Financial assets - Loans (Unsecured, considered good)				
Financial assets at amortised cost				
Security deposits	739.60	630.05	-	-
Total	739.60	630.05	-	-
7. Other financial assets				
Financial assets at fair value through profit or loss				
Derivatives not designated as hedges	40.98	-	347.87	-
Financial assets at amortised cost				
Rebate / discount receivable from suppliers	-	-	226.68	134.40
GST refund receivable	-	-	11,130.14	-
Interest accrued on deposits and receivables				
Related parties (Refer Note 38)	-	-	242.93	-
Others	-	-	173.90	149.32
Total	40.98	-	12,121.52	283.72
8. Other assets				
Unsecured, considered good				
Capital advances	70.15	348.32	-	-
Advances other than capital advances				
Advance to suppliers	-	-	100.17	147.02
Employees and other advances	-	-	3.83	9.76
Prepaid expenses	-	0.82	1,400.75	1,205.25
Balance with statutory/ government authorities	-	-	1,636.89	162.87
	70.15	349.14	3,141.64	1,524.90
Unsecured, considered doubtful				
Advances other than capital advances				
Advances to United Breweries (Holdings) Limited (Refer Note 36)	1,668.20	1,668.20	-	-
Balance with statutory/ government authorities	-	-	161.30	-
Less: Allowance for doubtful advances	1,668.20	1,668.20	161.30	-
	-	-	-	-
Total	70.15	349.14	3,141.64	1,524.90

There are no advances to directors or other officers of the Company or any of them either severally or jointly with any other persons 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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Notes to the Ind AS financial statements for the year ended March 31, 2018
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	As at March 31, 2018	As at March 31, 2017
9. Inventories		
(valued at lower of cost and net realisable value)		
Raw materials and packing materials [includes in transit Rs. 6,270.92 Lakhs (March 31, 2017: Rs. 5,410.99 Lakhs)]	15,779.45	12,525.21
Work-in-progress	2.49	39.79
Finished goods	5,403.64	945.50
Stock-in-trade [includes in transit Rs. 3,918.90 Lakhs (March 31, 2017: Nil)]	13,594.15	6,624.60
Stores and spares [includes in transit Rs. 197.20 Lakhs (March 31, 2017: Rs. 156.28 Lakhs)]	4,911.13	5,843.66
Total	**39,690.86**	**25,978.76**

During the year an amount of Rs. 571.19 Lakhs (March 31, 2017: Nil) was recognised as an expense for inventories carried at net realisable values.

10. Trade receivables

From related parties (Considered good)		
Unsecured (Refer Note 38)	16.09	-
	16.09	-
From others (Considered good)		
Secured	1,946.82	1,862.94
Unsecured*	119,290.21	122,674.83
	121,237.03	**124,537.77**
From others (Considered doubtful)		
Unsecured	425.49	-
Less: Allowance for doubtful receivables	425.49	-
	-	-
Total	**121,253.12**	**124,537.77**

*Includes concession/subsidy receivable from Government of India of Rs. 81,772.11 Lakhs (March 31, 2017: Rs. 67,915.99 Lakhs).

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.

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.

11. Cash and cash equivalents

Bank balances on current accounts	2,648.99	5,876.10
Bank balances on deposits accounts with original maturity of three months or less	8,600.00	-
Cheques, drafts in hand	13.67	13.55
Cash on hand	1.38	2.67
Total	**11,264.04**	**5,892.32**

12. Other bank balances

Bank balances on unpaid dividend accounts	252.87	380.08
Bank deposits with original maturity of 12 months or less but more than 3 months	-	2.58
Margin money deposits	571.12	265.00
Total	**823.99**	**647.66**

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	As at March 31, 2018	As at March 31, 2017
13. Equity share capital		
Authorised share capital		
12,40,00,000 (March 31, 2017: 12,40,00,000) equity shares of Rs. 10 each	12,400.00	12,400.00
6,00,000 (March 31, 2017: 6,00,000) 13% redeemable cumulative preference shares of Rs. 100 each	600.00	600.00
	13,000.00	**13,000.00**
Issued shares		
12,00,00,044 (March 31, 2017: 12,00,00,044) equity shares of Rs. 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, 2017: 11,85,15,150) equity shares of Rs. 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, 2018		As at March 31, 2017	
	Nos.	Rs. in Lakhs	Nos.	Rs. 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 Rs. 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, 2018		As at March 31, 2017	
	Nos.	%	Nos.	%
Equity shares of Rs. 10 each fully paid				
Zuari Agro Chemicals Limited* (Holding Company)	62,843,211	53.03%	62,843,211	53.03%
United Breweries (Holdings) Limited	17,836,068	15.05%	17,836,068	15.05%

*Zuari Fertilizers and Chemicals Limited was merged with Zuari Agro Chemicals Limited effective November 13, 2017.

As per records of the Company, the above shareholding represents legal ownership of shares.

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	As at March 31, 2018	As at March 31, 2017
14. Other equity		
Capital reserve		
Balance as per last financial statements	16.84	16.84
Less: Transfer to retained earnings*	16.84	-
Closing balance	-	16.84

*This relates to impact of change in depreciation method from written down value method to straight-line method under Previous GAAP, hence transferred to retained earnings under Ind AS.

	As at March 31, 2018	As at March 31, 2017
Capital redemption reserve		
Balance as per last financial statements	**480.78**	**480.78**
Revaluation reserve		
Balance as per last financial statements	6,071.90	6,102.89
Less: Transfer to general reserve	-	30.99
Less: Transfer to retained earnings as per Ind AS requirements	6,071.90	-
Closing balance	-	6,071.90
General reserve		
Balance as per last financial statements	5,385.71	5,354.72
Add: Transfer from revaluation reserve	-	30.99
Closing balance	5,385.71	5,385.71
Retained earnings**		
Balance as per last financial statements	18,593.39	16,641.28
Add: Transfer from capital reserve	16.84	-
Add: Transfer from revaluation reserve	6,071.90	-
Add: Profit for the year	6,058.26	1,941.47
Add: Other comprehensive (expense)/income	(15.96)	10.64
Less: Appropriations		
Final equity dividend [amount per share Re. 0.50 (Previous year: Nil)]	592.58	-
Tax on equity dividend	120.63	-
Closing balance	30,011.22	18,593.39
Total reserves and surplus	35,877.71	30,548.62

**Includes Rs. 6,036.85 Lakhs as at March 31, 2018 (March 31, 2017: Nil) relating to revaluation of property, plant and equipment.

Distribution made and proposed

	As at March 31, 2018	As at March 31, 2017
Cash dividends on equity shares declared and paid:		
Dividend for the year ended March 31, 2017: Re. 0.50 per share (Previous year: Nil)	592.58	-
Dividend distribution tax	120.63	-
	713.21	-
Proposed dividends on equity shares:		
Dividend for the year ended on March 31, 2018: Re. 1 per share (Previous year: Re. 0.50 per share)	1,185.15	592.58
Dividend distribution tax	243.61	120.63
	1,428.76	713.21

Proposed dividend on equity shares is subject to approval at the annual general meeting and is not recognised as a liability (including dividend distribution tax thereon) as at year end.

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15. Non-current borrowings

	Non-current portion		Current portion	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Secured (at amortised cost)				
Foreign currency term loan from a bank	9,459.23	2,383.06	499.06	-
Indian currency term loans from banks	5,788.88	2,713.37	1,860.34	1,871.76
Indian currency vehicle loans from bank	76.72	-	26.28	-
	15,324.83	**5,096.43**	**2,385.68**	**1,871.76**
Unsecured (at amortised cost)				
Foreign currency term loans from banks	4,361.98	4,861.07	1,334.35	1,151.49
Indian currency term loan from a bank	-	-	-	1,104.66
	4,361.98	**4,861.07**	**1,334.35**	**2,256.15**
Less: Amount disclosed under the head "Other financial liabilities" (Refer Note 16)	-	-	**3,720.03**	**4,127.91**
Total	19,686.81	9,957.50	-	-

Secured borrowings

Foreign currency term loan

Term loan from a bank of Rs. 9,958.29 Lakhs (March 31, 2017: Rs. 2,383.06 Lakhs) carries interest of 11.55% p.a. The loan is repayable in 20 equal quarterly installments starting from the end of moratorium period which is 2 years from the date of disbursement. 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.

Indian currency term loans

Term loan from a bank of Rs. 2,143.46 Lakhs (March 31, 2017: Rs. 3,415.72 Lakhs) carries interest of 13.75% p.a. The loan is repayable in 84 equal monthly installments commencing on December 8, 2012. The loan is secured by first charge on fixed assets funded through the term loan and first pari-pasu charge on all fixed assets including all immovable and movable properties, both present and future (other than fixed assets exclusively charged to other lenders), with other participating working capital lenders.

Term loan from a bank of Rs. 580.12 Lakhs (March 31, 2017: Rs. 1,169.41 Lakhs) carries interest of 11.50% p.a. The loan is repayable in 52 monthly installments commencing on December 2014. The loan is secured by exclusive first charge on the fixed assets of the project (financed by the term loan) and pari-passu first charge on the entire fixed assets of the Company barring fixed assets financed by term loans from State Bank of India and ING N.V. (Netherland) and fixed assets exclusively charged to other lenders.

Term loan from a bank of Rs. 4,925.64 Lakhs (March 31, 2017: Rs. Nil Lakhs) carries interest at 10.35% p.a. The loan is repayable in 20 quarterly installments starting from the end of moratorium period 15 months from the date of first disbursement. 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.

Indian currency vehicle loans

Vehicle loans from a bank of Rs. 103.00 Lakhs (March 31, 2017: Rs. Nil Lakhs) carry interest at 8.36% p.a. The loan is repayable in 30 to 48 monthly installments and is secured by first pari-pasu charge on fixed assets financed by the said term loans.

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Unsecured borrowings

Foreign currency term loans
Term loan from a bank of Rs. 4,113.62 Lakhs (March 31, 2017: Rs. 4,391.36 Lakhs) carries interest of 11.24% p.a. The loan is repayable in 14 equal installments on April and October of each year. The loan is secured by guarantee issued by Finnvera, the state owned export credit agency of Finland.

Term loan from a bank of Rs. 1,582.71 Lakhs (March 31, 2017: Rs. 1,621.20 Lakhs) carries interest of 11.80% p.a. The loan is repayable in 14 equal installments on August and February of each year. The loan is secured by guarantee issued by Eksport Kredit Fonden plc (EKF), the state owned export credit agency of Denmark.

Indian currency term loans
Term loan from a bank of Rs. Nil Lakhs (March 31, 2017: Rs. 1,104.66 Lakhs) carried interest of 10.50% p.a. and was secured by pledge of shares by the shareholders. The loan was repayable as per repayment schedule from October 2012 to July 2017 and has been fully repaid during the year.

16. Other financial liabilities

	Non-current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Financial liabilities at fair value through profit or loss				
Derivatives not designated as hedges	461.87	1,639.10	51.71	1,676.71
Financial liabilities at amortised cost				
Current maturities of long-term borrowings (Refer Note 15)	-	-	3,720.03	4,127.91
Liabilities for capital goods	-	-	1,017.82	469.49
Interest accrued but not due on borrowings and others	-	-	870.82	567.51
Security deposits (unsecured)	-	-	3,238.99	2,833.03
Employee benefits payable	-	-	861.32	762.12
Other expenses payable	-	-	5,067.89	4,607.47
Unpaid dividend*	-	-	252.87	380.08
Payable to preference shareholders	-	-	1.63	1.63
Total	**461.87**	**1,639.10**	**15,083.08**	**15,425.95**

*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, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits				
Gratuity	1,482.75	1,509.77	16.85	5.94
Compensated absences	-	-	856.67	854.66
Total	**1,482.75**	**1,509.77**	**873.52**	**860.60**

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

18. Deferred tax liabilities (net)

	Balance sheet		Statement of profit and loss and other comprehensive income	
	As at March 31, 2018	As at March 31, 2017	March 31, 2018	March 31, 2017
Deferred tax liabilities				
Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	14,221.99	15,962.46	(1,740.47)	(400.06)
Others	238.24	325.78	(87.54)	(136.29)
	14,460.23	**16,288.24**	**(1,828.01)**	**(536.35)**
Deferred tax assets				
Business losses and unabsorbed depreciation	5,723.72	8,977.54	(3,253.82)	(1,619.23)
Allowance for doubtful receivables	148.68	-	148.68	-
Provision for gratuity and compensated absences	823.36	820.38	2.98	-
Fair valuation of derivatives	-	358.91	(358.91)	(53.13)
Others	199.44	24.23	175.21	59.93
MAT credit entitlement	6,227.18	4,440.00	1,787.18	680.00
	13,122.38	**14,621.06**	**(1,498.68)**	**(932.43)**
Net deferred tax liability	**1,337.85**	**1,667.18**		
Deferred tax charge/(credit)			**(329.33)**	**396.08**

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

Reconciliation of movement in deferred tax liabilities (net)

Balance at the beginning of the year	1,667.18	1,271.10
Tax charge/(credit) during the year		
Recognised in profit and loss	(320.76)	390.45
Recognised in OCI	(8.57)	5.63
	(329.33)	396.08
Balance at the end of the year	1,337.85	1,667.18

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	As at March 31, 2018	As at March 31, 2017
19. Current borrowings		
Secured borrowings		
Foreign currency buyer's credit from banks	63,172.97	62,397.96
Indian currency bills discounted with banks	38,154.27	9,487.39
Indian currency cash credit from banks	596.04	5,735.70
Indian currency short-term loan from bank	9,688.00	27,368.64
	111,611.28	**104,989.69**
Unsecured borrowings		
Indian currency bills discounted with banks	664.39	200.48
Indian currency short-term loans from a bank	982.12	1,003.81
	1,646.51	**1,204.29**
Total	**113,257.79**	**106,193.98**

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 - buyer's credits: 2% to 3.1% p.a., bills discounted: 7.05% to 7.90% p.a., cash credit: 9.50% to 13.15% p.a.

The short-term loan from bank carries interest at the rate of 8% p.a. (including 6.25% paid directly by Government of India to the bank) and is secured by subsidy receivable of equal amount from the Government of India, Ministry of Chemicals and Fertilizer under Special Banking Arrangement.

Unsecured borrowings

Indian currency bills discounted with banks are repayable within six months period and carry interest in the range of 7.05% to 7.90% p.a.. The short-term loans are repayable on demand and carries interest in the range of 9.23% to 9.35% p.a.

	As at March 31, 2018	As at March 31, 2017
20. Trade payables		
Dues to related parties (Refer Note 38)	31.39	16,947.16
Others*	52,141.68	26,112.63
Total	**52,173.07**	**43,059.79**

*Includes outstanding dues of micro and small enterprises (Refer Note 37 for details)

Trade payables (other than related parties) are normally non-interest bearing and are settled on 30 to 90 days term.

21. Other current liabilities		
Statutory dues payable	542.74	642.20
Advances from customers	951.92	334.91
Total	**1,494.66**	**977.11**

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	March 31, 2018	March 31, 2017
22. Revenue from operations (gross of excise duty)		
Sale of products (including concession/subsidy on fertilisers)		
Manufactured (including excise duty)	190,070.99	167,120.08
Traded	79,034.91	82,077.88
Sale of services	68.26	55.94
Other operating revenues (scrap sales)	116.10	145.45
Total	**269,290.26**	**249,399.35**
Manufactured		
Urea	109,924.63	85,924.60
Complex fertilizers	70,373.39	72,205.97
Others	9,772.97	8,989.51
	190,070.99	**167,120.08**
Traded		
Complex fertilizers	20,691.64	29,064.87
Muriate of Potash (MOP)	34,428.09	25,058.94
Others	23,915.18	27,954.07
	79,034.91	**82,077.88**

(a) Sales of products include government concession / subsidies. 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.

(b) 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, sales of products for the year include differential urea concession income of Rs. 2,068.68 Lakhs (Previous year: Rs. 2,309.77 Lakhs) relating to immediately preceeding financial year recognised on finalisation of escalation/de-escalation claim.

23. Other income

	March 31, 2018	March 31, 2017
Interest income on bank deposits and others	541.39	720.61
Rental income	84.17	81.12
Insurance claim received	380.42	1.07
Liabilities no longer required written back	113.98	-
Other non-operating income	64.81	24.00
Total	**1,184.77**	**826.80**

24. Cost of materials consumed

	March 31, 2018	March 31, 2017
Inventories at the beginning of the year	12,525.21	9,553.13
Add: Purchases	130,423.16	114,303.97
Less: Inventories at the end of the year	15,779.45	12,525.21
Consumption	**127,168.92**	**111,331.89**
Materials consumed		
Naphtha	59,069.93	44,892.44
Phosphoric acid	39,317.34	38,841.79
Imported ammonia	17,746.50	17,466.52
Others	11,035.15	10,131.14
Total	**127,168.92**	**111,331.89**

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	March 31, 2018	March 31, 2017
25. Purchases of stock-in-trade		
Complex fertilizers	22,631.46	23,955.16
Muriate of Potash (MOP)	33,465.04	20,236.96
Others	16,299.90	23,511.01
Total	**72,396.40**	**67,703.13**
26. Change in inventories of finished goods, stock-in-trade and work-in-progress		
Inventories at the beginning of the year		
Finished goods	945.50	474.38
Stock-in-trade	6,624.60	6,367.56
Work-in-progress	39.79	21.50
	7,609.89	6,863.44
Less: Inventories at the end of the year		
Finished goods	5,403.64	945.50
Stock-in-trade	13,594.15	6,624.60
Work-in-progress	2.49	39.79
	19,000.28	7,609.89
Increase in inventories	**(11,390.39)**	**(746.45)**
27. Employee benefits expense		
Salaries, wages and bonus	5,719.16	5,932.83
Gratuity expense [refer note (i) below]	214.78	221.22
Contribution to provident and other funds [refer note (ii) below]	436.65	391.67
Staff welfare expenses	450.18	327.31
Total	**6,820.77**	**6,873.03**

(i) 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 following table summarises the components of net benefit expenses and the funded status for the plan:

	Gratuity	
	March 31, 2018	**March 31, 2017**
a) Changes in the present value of the defined benefit obligation		
Obligations at beginning of the year	1,950.84	1,993.11
Current service cost	101.18	101.50
Interest cost	146.21	157.34
Benefits paid	(356.99)	(290.23)
Actuarial loss/(gain)	25.61	(10.88)
Obligations at end of the year	**1,866.85**	**1,950.84**
b) Change in fair value of plan assets		
Plan assets at the beginning of the year	435.13	476.58
Expected return on plan assets	32.61	37.62
Contributions during the year	255.42	205.77
Benefits paid	(356.99)	(290.23)
Actuarial gain	1.08	5.39
Plan assets at end of the year	**367.25**	**435.13**

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	Gratuity	
	March 31, 2018	March 31, 2017
Actual return on plan assets	33.69	43.01

c) Benefit asset/(liability)

Fair value of plan assets	367.25	435.13
Less: Present value of defined benefit obligations	1,866.85	1,950.84
Benefit (liability)	**(1,499.60)**	**(1,515.71)**

d) Cost charged to profit or loss under employee cost

Current service cost	101.18	101.50
Interest cost	146.21	157.34
Expected return on plan assets	(32.61)	(37.62)
Net employee benefit expense	**214.78**	**221.22**

e) Re-measurement (loss)/gain recognised in other comprehensive income

Actuarial (loss)/gain on liability	(25.61)	10.88
Actuarial (loss)/gain on assets	1.08	5.39
Net actuarial (loss)/gain	**(24.53)**	**16.27**

f) Major category of plan assets included in fair value of plan assets

Fund balance with insurance companies	367.25	435.13
Total	**367.25**	**435.13**

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

Discount rate	7.75%	7.50%
Estimated rate of return on plan assets	8.00%	8.25%
Salary increase rate	7.50%-9.00%	7.50%-9.00%
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 expected 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:

	March 31, 2018		March 31, 2017	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation				
Discount rate	(1,812.29)	1,925.46	(1,894.55)	2,011.22
Salary increase rate	1,925.09	(1,812.12)	2,010.60	(1,894.62)
Employee turnover	(1,867.27)	1,866.30	(1,949.67)	1,952.04
Mortality rate	(1,866.90)	1,866.81	(1,950.81)	1,950.87

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.

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

	Gratuity	
	March 31, 2018	**March 31, 2017**
Within next 12 months	16.85	5.94
Between 1 to 5 years	1,108.18	1,467.73
Between 5 to 10 years	465.20	621.30
Beyond 10 years	1,719.66	1,591.35
Total	**3,309.89**	**3,686.32**

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (Previous year: 6 years).

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

	March 31, 2018	**March 31, 2017**
Provident fund	255.16	270.12
Superannuation fund and national pension scheme	158.28	107.64
Others	23.21	13.91
Total	**436.65**	**391.67**

28. Finance costs

Interest expense*	6,134.75	7,676.75
Exchange difference regarded as adjustment to borrowing cost	1,479.07	1,511.17
Other borrowing costs	1,428.48	2,441.33
Total	**9,042.30**	**11,629.25**

*Includes interest on income tax of Rs. 54.68 Lakhs (Previous year: Rs. 30.00 Lakhs).

29. Depreciation and amortisation expense

Depreciation of property, plant and equipment	3,687.71	3,524.85
Amortisation of intangible assets	11.64	1.80
Total	**3,699.35**	**3,526.65**

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	March 31, 2018	March 31, 2017
30. Other expenses		
Consumption of stores and spares	1,661.85	1,168.68
Power, fuel and water	22,846.84	17,966.62
Bagging and other contracting charges	630.95	484.14
Transportation	19,658.30	18,253.71
Repairs and maintenance		
Buildings	126.79	144.15
Plant and equipment	2,585.72	2,650.00
Others	667.23	704.34
Rent	962.69	1,248.38
Rates and taxes	7.65	8.86
Insurance	343.93	404.69
Travelling and conveyance	383.93	351.55
Net loss on disposal of property, plant and equipment	494.27	37.94
Excise duty on increase/(decrease) in inventories	(28.32)	1.39
Allowance for doubtful advances	161.30	-
Allowance for doubtful receivable	425.49	-
Director's sitting fees	25.29	24.99
Auditors remuneration (refer details below)	30.00	29.12
CSR expenditure (refer details below)	21.74	31.66
Donations	-	30.00
Foreign exchange differences (net)	4,752.64	(2,225.59)
Fair value loss/(gain) on financial instruments at fair value through profit or loss	(3,191.08)	1,974.94
Miscellaneous expenses	2,268.62	2,140.26
Total	**54,835.83**	**45,429.83**

Auditors remuneration		
Statutory audit fee	15.00	12.00
Limited review fee	7.50	1.20
Tax audit fee	3.00	0.50
Others	4.50	15.42
Total	**30.00**	**29.12**

CSR expenditure		
Gross amount required to be spent by the Company during the year	16.51	43.20
Amount spent during the year (other than on construction/acquisition of any asset)	21.74	23.17
Amount yet to be spent/paid	-	8.49
Total	**21.74**	**31.66**

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31. Tax expenses

Income tax related to items charged or credited to statement of profit and loss during the year:

	March 31, 2018	March 31, 2017
Profit and loss section		
Current tax (MAT)	1,767.20	680.00
Deferred tax (credit)/charge		
MAT credit entitlement	(1,767.20)	(680.00)
Deferred tax credit on non-depreciable assets	(1,160.37)	-
Deferred tax credit for prior years	(103.87)	-
Deferred tax charge on others	2,710.68	1,070.45
	(320.76)	390.45
Total	**1,446.44**	**1,070.45**

Current tax (MAT) and MAT credit entitlement for the year includes Rs. 23.20 Lakhs (Previous year: Nil) relating to prior year. Deferred tax expense for the year includes deferred tax credit of Rs. 103.87 Lakhs (Previous year: Nil) relating to prior year and Rs. 1,160.37 Lakhs (Previous year: Nil) recognized on reversal of deferred tax liability towards revalued non-depreciable asset on change in indexation benefit under income tax effective financial year 2017-18.

	March 31, 2018	March 31, 2017
Other comprehensive income		
Deferred tax charge/(credit) on re-measurement of defined benefit plan	(8.57)	5.63
Total	**(8.57)**	**5.63**

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

	March 31, 2018	March 31, 2017
Accounting profit before income tax	**7,504.70**	**3,011.92**
Tax as per statutory income tax rate of 34.61% (Previous year: 34.61%)	2,597.38	1,042.43
Non-deductible expenses for tax purposes		
CSR expenditure	7.52	10.96
Effect of change in tax rate	72.31	-
Other non-deductible expenses	33.47	17.06
Income tax expense reported in statement of profit and loss account	**2,710.68**	**1,070.45**
Effective tax rate	**36%**	**36%**

32. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computation:

	March 31, 2018	March 31, 2017
Net profit attributable to equity shareholders	6,058.26	1,941.47
Weighted average number of equity shares considered for calculating basic/diluted EPS	118,515,150	118,515,150
Earnings per share (Basic/Diluted)	**5.11**	**1.64**

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33. Operating lease

The Company as a lessee
The Company has entered into operating lease arrangements for storage, warehouse and office premises. These leases are for a period of upto 72 months with options of renewal and premature termination with notice period, except in certain leases with lock-in period of 36 to 72 months. There are no restrictions placed upon the Company by entering into these leases. There are no sub-leases. The total lease rentals expense for the year is Rs. 962.69 Lakhs (Previous year: Rs. 1,248.38 Lakhs). Future minimum rentals payable under non-cancellable operating leases are as follows:

	March 31, 2018	**March 31, 2017**
Within one year	14.31	11.54
After one year but not more than five years	23.91	28.23
More than five years	-	-
Total	**38.22**	**39.77**

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 include clause to enable upward revision of rental charge on an annual basis. The total rents recognised as income during the year is Rs. 84.17 Lakhs (Previous year: Rs. 81.12 Lakhs).

	March 31, 2018	**March 31, 2017**
34. Capital and other commitments		
a) Estimated amount of contract remaining to be executed (net of capital advances) on capital account and not provided for	2,211.58	3,072.16
b) For commitments relating to lease arrangements, refer Note 33.		

35. Contingent liabilities

a) Claims against the Company not acknowledged as debts*		
Income tax	358.04	469.88
Customs duty	90.60	90.60
Others	6.37	6.03
b) Other money for which the Company is contingently liable		
Bank guarantees	3,986.90	2,306.89
Total	**4,441.91**	**2,873.40**

*The income tax demands under appeal may also have impact on unabsorbed losses as per the income tax returns. The Company is contesting these 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 material effect on the Company's results of operations or financial condition.

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36. The Company had engaged an independent firm to carry out forensic review of certain transactions relating to investment in preference shares of Bangalore Beverages Limited and advances to United Breweries (Holdings) Limited, which indicated that these transactions may have involved irregularities. These investment and advances aggregating to Rs. 21,668.20 Lakhs were fully provided for during the year ended March 31, 2016.

Zuari Fertilisers and Chemicals Limited, the holding company (now merged with Zuari Agro Chemicals Limited) had filed a petition before the National Company Law Tribunal, Bengaluru ("NCLT") to claim accountability of erstwhile promoter group for the aforesaid irregularities. The matter is currently pending before the NCLT.

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

	March 31, 2018	March 31, 2017
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	104.38	112.00
- Interest due on above	0.52	-
- Total	**104.90**	**112.00**
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	0.52	-
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	0.52	-

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

38. Related party disclosures

Names of related parties:

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

Ultimate Holding Company	:	Zuari Agro Chemicals Limited ("ZACL")
Holding Company	:	Zuari Fertilisers and Chemicals Limited ("ZFCL")*
Common control	:	Paradeep Phosphates Limited ("PPL") Zuari Speciality Fertilisers Limited ("ZSFL")* Zuari Management Services Limited ("ZMSL")

*Merged with Zuari Agro Chemicals Limited effective November 13, 2017.

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

Key Management Personnel	:	Mr. N. Suresh Krishnan, Managing Director Mr. K. Prabhakar Rao, Whole-time director Mr. T.M. Muralidharan, Chief Financial Officer Mr. Vijayamahantesh Khannur, Company Secretary
Directors	:	Mr. Arun Duggal Mr. Akshay Poddar Mr. Narendra Mairpady Mr. DA Prasanna Mr. Pratap Narayan Mr. Sunil Sethy (effective July 29, 2017) Ms. Rita Menon (effective July 29, 2017) Mr. Kapil Mehan (till June 3, 2017) Ms. Ritu Mallya (till July 6, 2017) Mr. Deepak Anand (till October 7, 2016)
Enterprises in which directors/shareholders are interested	:	Lionel India Limited ("LIL") Adventz Foundation
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:

	Ultimate Holding Company and Holding Company		Common control		Key Management Personnel and Directors		Others	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Sale of goods (net)								
ZACL	3,212.16	4,476.84	-	-	-	-	-	-
ZSFL	-	-	809.03	-	-	-	-	-
PPL	-	-	345.33	15.98	-	-	-	-
	3,212.16	**4,476.84**	**1,154.36**	**15.98**	-	-	-	-
Purchase of goods (net)								
ZACL	3,697.47	13,641.64	-	-	-	-	-	-
PPL	-	-	-	8,426.86	-	-	-	-
	3,697.47	**13,641.64**	**-**	**8,426.86**	-	-	-	-
Interest income								
ZACL	269.93	841.11	-	-	-	-	-	-
	269.93	**841.11**	**-**	**-**	-	-	-	-
Interest expense								
ZACL	-	1,458.96	-	-	-	-	-	-
PPL	-	-	-	14.39	-	-	-	-
	-	**1,458.96**	**-**	**14.39**	-	-	-	-

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Notes to the Ind AS financial statements for the year ended March 31, 2018
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Ultimate Holding Company and Holding Company		**Common control**		**Key Management Personnel and Directors**		**Others**	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Purchase of services								
ZMSL	-	-	16.20	-	-	-	-	-
	-	-	**16.20**	-	-	-	-	-
Travel expenses paid								
LIL	-	-	-	-	-	-	174.92	183.95
	-	-	-	-	-	-	**174.92**	**183.95**
Reimbursement of expenses by the Company								
ZACL	241.80	21.37	-	-	-	-	-	-
PPL	-	-	21.62	350.67	-	-	-	-
Mr. Arun Duggal	-	-	-	-	48.00	48.00	-	-
	241.80	**21.37**	**21.62**	**350.67**	**48.00**	**48.00**	-	-
Reimbursement of expenses to the Company								
ZACL	26.50	17.37	-	-	-	-	-	-
PPL	-	-	0.51	0.07	-	-	-	-
	26.50	**17.37**	**0.51**	**0.07**	-	-	-	-
Managerial remuneration*								
Mr. N. Suresh Krishnan	-	-	-	-	96.00	-	-	-
Mr. K. Prabhakar Rao	-	-	-	-	81.58	84.58	-	-
Mr. T.M. Muralidharan	-	-	-	-	51.47	51.05	-	-
Mr. Vijayamahantesh Khannur	-	-	-	-	25.36	24.14	-	-
	-	-	-	-	**254.41**	**159.77**	-	-
Sitting fees paid								
Mr. Arun Duggal	-	-	-	-	3.85	3.95	-	-
Mr. Akshay Poddar	-	-	-	-	2.00	2.00	-	-
Mr. Narendra Mairpady	-	-	-	-	5.85	5.15	-	-
Mr. DA Prasanna	-	-	-	-	5.65	2.85	-	-
Mr. Pratap Narayan	-	-	-	-	1.75	2.25	-	-
Mr. Sunil Sethy	-	-	-	-	2.45	-	-	-
Ms. Rita Menon	-	-	-	-	1.20	-	-	-
Mr. Kapil Mehan	-	-	-	-	1.15	4.35	-	-
Ms. Ritu Mallya	-	-	-	-	0.50	0.50	-	-
Mr. Deepak Anand	-	-	-	-	-	0.70	-	-
Others	-	-	-	-	0.89	3.24	-	-
	-	-	-	-	**25.29**	**24.99**	-	-
Dividend paid on equity shares								
ZFCL	314.22	-	-	-	-	-	-	-
	314.22	-	-	-	-	-	-	-
Contributions made								
Adventz Foundation	-	-	-	-	-	-	-	30.00
MCF Gratuity Trust	-	-	-	-	-	-	255.42	205.77
MCF Superannuation Trust	-	-	-	-	-	-	102.95	84.37
	-	-	-	-	-	-	**358.37**	**320.14**

	March 31, 2018	**March 31, 2017**
Compensation of key management personnel*		
Short-term employee benefits	254.41	159.77
Post-employment gratuity and medical benefits	-	-
Termination benefits	-	-
Share-based payment transactions	-	-
Total compensation paid to key management personnel	**254.41**	**159.77**

*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 is 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:

	Ultimate Holding Company and Holding Company		Common control		Key Management Personnel and Directors		Others	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Interest receivable								
ZACL	242.93	-	-	-	-	-	-	-
	242.93	-	-	-	-	-	-	-
Trade receivables								
PPL	-	-	16.09	-	-	-	-	-
	-	-	**16.09**	-	-	-	-	-
Trade payables								
ZACL	11.97	8,147.04	-	-	-	-	-	-
ZMSL	-	-	14.27	-	-	-	-	-
PPL	-	-	-	8,774.70	-	-	-	-
LIL	-	-	-	-	-	-	5.15	25.42
	11.97	**8,147.04**	**14.27**	**8,774.70**	-	-	**5.15**	**25.42**

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, other than those already included in the Ind AS financial statements, are required.

Revenue from single customer i.e. Government of India amounted to Rs. 136,232.40 Lakhs (Previous year: Rs. 111,066.29 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, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Financial assets measured at fair value								
Derivatives not designated as hedges	388.85	-	-	-	388.85	-	-	-
Financial assets for which fair values are disclosed								
Loans	739.60	630.05	-	-	739.60	630.05	-	-
Trade receivables	121,253.12	124,537.77	-	-	121,253.12	124,537.77	-	-
Cash and cash equivalents	11,264.04	5,892.32	-	-	11,264.04	5,892.32	-	-
Other bank balances	823.99	647.66	-	-	823.99	647.66	-	-
Rebate / discount receivable from suppliers	226.68	134.40	-	-	226.68	134.40	-	-
GST refund receivable	11,130.14	-	-	-	11,130.14	-	-	-
Interest accrued on deposits and others	416.83	149.32	-	-	416.83	149.32	-	-

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	Carrying amount		Fair values					
			Level 1		Level 2		Level 3	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Financial liabilities measured at fair value								
Derivatives not designated as hedges	513.58	3,315.81	-	-	513.58	3,315.81	-	-
Financial liabilities for which fair values are disclosed								
Borrowings	132,944.60	116,151.48	-	-	132,944.60	116,151.48	-	-
Trade payables	52,173.07	43,059.79	-	-	52,173.07	43,059.79	-	-
Current maturities of borrowings	3,720.03	4,127.91	-	-	3,720.03	4,127.91	-	-
Liability for capital goods	1,017.82	469.49	-	-	1,017.82	469.49	-	-
Interest accrued on borrowings	870.82	567.51	-	-	870.82	567.51	-	-
Security deposits	3,238.99	2,833.03	-	-	3,238.99	2,833.03	-	-
Other payables	6,183.71	5,751.30	-	-	6,183.71	5,751.30	-	-

There has been no transfers between levels during the period. 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.

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.

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, 2018		March 31, 2017	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
INR Borrowings	(289.19)	289.19	(247.43)	247.43
USD Borrowings	(365.66)	365.66	(323.91)	323.91
EURO Borrowings	(28.48)	28.48	(30.06)	30.06

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 exposure is as below:

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

Type	**Currency**	**March 31, 2018**		**March 31, 2017**	
		Foreign currency in Lakhs	Rs. in Lakhs	Foreign currency in Lakhs	Rs. in Lakhs
Cross currency swaps*	EURO	56.26	4,546.23	70.11	4,858.10
	USD	154.20	10,049.99	38.52	2,498.02
Interest rate swaps*	EURO	56.26	4,546.23	70.11	4,858.10
	USD	154.20	10,049.99	38.52	2,498.02
Forward contracts	USD	543.96	35,452.59	841.73	54,586.19

*Amount disclosed represents the underlying principal amount of loan.

Un-hedged foreign currency exposure as at the reporting date:

	As at March 31, 2018	**As at March 31, 2017**
Rebate / discount receivable from suppliers	226.68	134.40
Borrowings	28,778.78	8,851.27
Trade payables	10,300.81	12,158.03
Liability for capital goods	97.76	-

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, 2018		**March 31, 2017**	
	5% increase	**5% decrease**	**5% increase**	**5% decrease**
Impact on profit before tax				
USD	(1,943.43)	1,943.43	(981.43)	981.43
GBP	(4.10)	4.10	-	-
EURO	-	-	(62.32)	62.32

iii. Commodity price risk

The Company's operating activities require purchase of Naphtha and Furnace Oil. Naphtha and Furnace Oil being international commodities are subject to price fluctuation on account of changes in crude oil prices, demand supply pattern and exchange rate fluctuations. The Company is generally not affected by the price volatility of Naphtha and Furnace Oil due to the extant urea pricing policies.

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 nationalised banks and hence, the Company does not expect any credit risk with respect to these financial assets.

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 concession receivable classified under trade receivables is receivable from the Government of India in the form of subsidy and being of sovereign nature credit risk is not perceived.

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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:

	Maturities				
	Upto 1 year	**1-3 years**	**3-5 years**	**Above 5 years**	**Total**
March 31, 2018					
Non-current borrowings	3,720.03	9,084.33	7,702.74	2,899.74	23,406.84
Current borrowings	113,257.79	-	-	-	113,257.79
Trade payables	52,173.07	-	-	-	52,173.07
Other financial liabilities	11,363.05	461.87	-	-	11,824.92
Total	**180,513.94**	**9,546.20**	**7,702.74**	**2,899.74**	**200,662.62**
March 31, 2017					
Non-current borrowings	4,127.91	6,099.82	2,764.94	1,092.74	14,085.41
Current borrowings	106,193.98	-	-	-	106,193.98
Trade payables	43,059.79	-	-	-	43,059.79
Other financial liabilities	11,298.04	1,639.10	-	-	12,937.14
Total	**164,679.72**	**7,738.92**	**2,764.94**	**1,092.74**	**176,276.32**

42. 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, 2018**	**As at March 31, 2017**
Non-current borrowings	15	19,686.81	9,957.50
Current maturities of non-current borrowings	16	3,720.03	4,127.91
Current borrowings	19	113,257.79	106,193.98
Less: Cash and cash equivalents	11	11,264.04	5,892.32
Less: Other bank balances (excluding unpaid dividend accounts)	12	571.12	267.58
Net debt		**124,829.47**	**114,119.49**
Equity share capital	13	11,854.87	11,854.87
Other equity	14	35,877.71	30,548.62
Total capital		**47,732.58**	**42,403.49**
Gearing ratio		**262%**	**269%**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing borrowings that define capital structure requirements. The breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowings in the current year.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

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Mangalore Chemicals and Fertilisers Limited
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(All amounts in Indian Rupees Lakhs, except as otherwise stated)

43. Standards issued but not yet effective

Ind AS 115 - Revenue from Contract with Customers

Ind AS 115 was issued on March 28, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede virtually all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after April 1, 2018.

The Company plans to adopt the new standard on the required effective date and is currently assessing the adoption method and the potential impact, the adoption of this standard will have on its financial statements and disclosures.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company is evaluating the impact of this amendment on its financial statements.

44. Previous year figures

Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification. Revenue from operations for the year ended March 31, 2018 is not comparable with the corresponding previous year figure, since revenue in current year is net of Goods and Service Tax (GST) effective July 1, 2017 whereas Excise duty formed part of expenses in the previous year.

As per our report of even date

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

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

per Anil Gupta
Partner
Membership Number: 87921

Place: New Delhi
Date: May 24, 2018

S.R. BATLIBOI & CO LLP * NEW DELHI *

Arun Duggal
Chairman
DIN: 00024262

N. Suresh Krishnan
Managing Director
DIN: 00021965

K. Prabhakar Rao
Director – Works
DIN: 00898513

T.M. Muralidharan
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary

Place: Gurugram
Date: May 24, 2018

MANGALORE CHEMICALS & FERTILIZERS LTD. * Bangalore