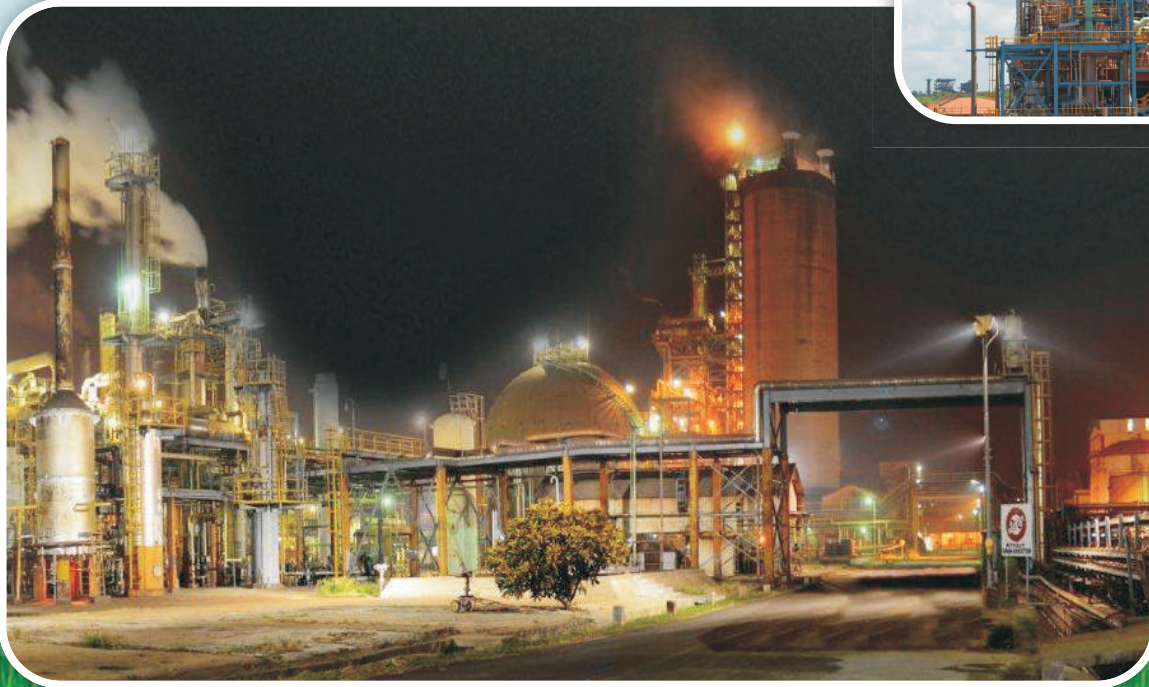


## ANNUAL REPORT 2014 - 2015



# Mangalore Fertilizer Complex



|                                |   |                                                                                                                                                                                                                                                             |
|--------------------------------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Directors</b>               | : | S. R. Gupte, Director<br>Deepak Anand, Managing Director<br>Ritu Mallya, Director<br>Pratap Narayan, Independent Director<br>Srinivasulu Reddy Magunta, Independent Director<br>K. Prabhakar Rao, Whole-time Director                                       |
| <b>Chief Financial Officer</b> | : | T. M. Muralidharan                                                                                                                                                                                                                                          |
| <b>Company Secretary</b>       | : | Vijayamahantesh Khannur                                                                                                                                                                                                                                     |
| <b>Bankers</b>                 | : | Axis Bank Limited<br>State Bank of India<br>Corporation Bank<br>Kotak Mahindra Bank Limited<br>RBL Bank Limited                                                                                                                                             |
| <b>Auditors</b>                | : | K. P. Rao & Company, Bangalore                                                                                                                                                                                                                              |
| <b>Cost Auditor</b>            | : | P. R. Tantri, Bangalore                                                                                                                                                                                                                                     |
| <b>Secretarial Auditor</b>     | : | S. Kedarnath                                                                                                                                                                                                                                                |
| <b>Registered Office</b>       | : | Level II, UB Tower, UB City<br>24, Vittal Mallya Road<br>Bangalore – 560 001<br>Tel. No. 080-3985 5500 / 3985 6000<br>Fax No. 080-3985 5588<br>email : shares@mangalorechemicals.com<br>Website : www.mangalorechemicals.com<br>CIN : L24123KA1966PLC002036 |
| <b>Works</b>                   | : | Panambur, Mangalore – 575 010<br>Tel. No. 0824-2220 600<br>Fax No. 0824-2407 938                                                                                                                                                                            |
| <b>Share Transfer Agent</b>    | : | Cameo Corporate Services Limited<br>'Subramanian Building'<br>I, Club House Road, Chennai – 600 002<br>Tel.No.044-2846 0390, Fax No.044-2846 0129<br>e-mail: cameo@cameoindia.com                                                                           |

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## TEN YEAR RECORD

(₹ in Crores)

|                                  | 2014-15         | 2013-14         | 2012-13         | 2011-12         | 2010-11       | 2009-10       | 2008-09       | 2007-08       | 2006-07       | 2005-06       |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Profit and Loss Statement</b> |                 |                 |                 |                 |               |               |               |               |               |               |
| Sales                            | <b>2578.78</b>  | 3310.26         | 2779.59         | 3707.17         | 2,520.46      | 2,075.64      | 2,469.62      | 1,655.94      | 1,371.05      | 1,082.32      |
| Other Income                     | <b>11.47</b>    | 4.54            | 10.45           | 12.95           | 3.36          | 6.09          | 14.42         | 9.09          | 3.44          | 3.81          |
| Finance Costs                    | <b>123.67</b>   | 102.45          | 86.97           | 77.16           | 18.59         | 23.44         | 36.00         | 15.43         | 16.34         | 6.72          |
| Depreciation                     | <b>28.66</b>    | 28.76           | 29.01           | 29.10           | 28.88         | 18.37         | 16.96         | 15.91         | 15.22         | 11.35         |
| <b>Profit before Tax</b>         | <b>18.29</b>    | 93.55           | 69.24           | 102.47          | 111.60        | 84.53         | 43.26         | 58.34         | 41.97         | 38.66         |
| <b>Balance Sheet</b>             |                 |                 |                 |                 |               |               |               |               |               |               |
| Net Fixed Assets                 | <b>628.87</b>   | 625.95          | 485.36          | 491.88          | 391.17        | 385.27        | 336.51        | 324.60        | 307.43        | 299.16        |
| Investments                      | <b>200.00</b>   | 200.00          | 200.00          | -               | -             | 0.05          | 0.05          | 0.05          | 0.05          | -             |
| Net Current Assets               | <b>970.54</b>   | 1395.11         | 1168.06         | 1406.45         | 315.86        | 181.75        | 486.45        | 465.06        | 303.98        | 278.13        |
| <b>Total</b>                     | <b>1,799.41</b> | <b>2,221.06</b> | <b>1,853.42</b> | <b>1,898.33</b> | <b>707.03</b> | <b>567.07</b> | <b>823.01</b> | <b>789.71</b> | <b>611.46</b> | <b>577.29</b> |
| Share Capital                    | <b>118.55</b>   | 118.55          | 118.55          | 118.55          | 118.55        | 118.55        | 118.55        | 118.55        | 118.55        | 118.55        |
| Reserves & Surplus               | <b>541.42</b>   | 517.31          | 464.70          | 416.94          | 366.55        | 311.06        | 270.65        | 254.25        | 228.87        | 212.07        |
| Loan Funds                       | <b>1096.31</b>  | 1521.67         | 1229.47         | 1324.05         | 184.16        | 98.16         | 396.79        | 380.01        | 228.43        | 213.69        |
| Deferred Tax Liability           | <b>43.13</b>    | 63.53           | 40.70           | 38.79           | 37.77         | 39.30         | 37.02         | 36.90         | 35.61         | 32.98         |
| <b>Total</b>                     | <b>1,799.41</b> | <b>2,221.06</b> | <b>1,853.42</b> | <b>1,898.33</b> | <b>707.03</b> | <b>567.07</b> | <b>823.01</b> | <b>789.71</b> | <b>611.46</b> | <b>577.29</b> |



## DIRECTORS' REPORT

Dear Shareholders,

The Directors are pleased to present your Company's Forty Eighth Annual Report together with the audited statement of accounts for the year ended March 31, 2015.

## FINANCIAL HIGHLIGHTS

₹ in Crores

|                                | 2014-15 | 2013-14 |
|--------------------------------|---------|---------|
| Sales (including other income) | 2590.25 | 3314.81 |
| EBITDA                         | 170.62  | 224.76  |
| Finance Costs                  | 123.67  | 102.45  |
| Depreciation                   | 28.66   | 28.76   |
| Profit before Tax (PBT)        | 18.29   | 93.55   |
| Tax expense                    | (19.25) | 22.62   |
| Profit after Tax               | 37.54   | 70.93   |
| Net Worth*                     | 659.97  | 635.86  |

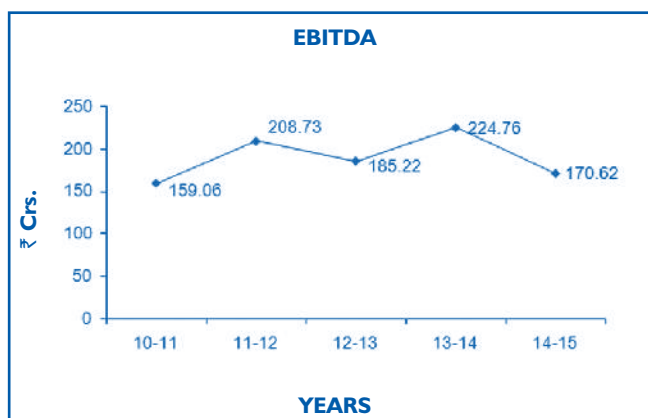
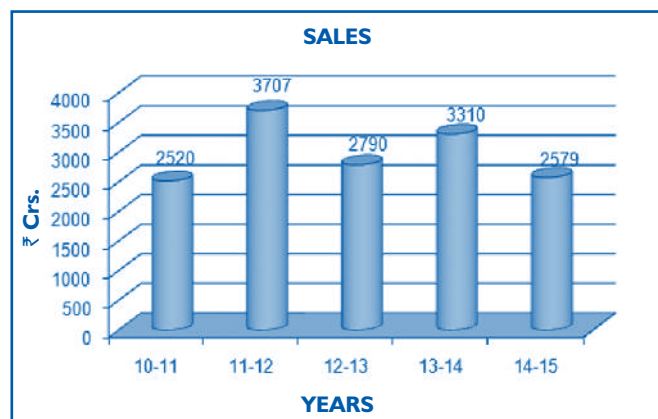
\* includes Revaluation Reserve of ₹ 76.70 crores and ₹ 80.08 crores respectively.

## DIVIDEND

The Board of Directors recommended a dividend of ₹ 0.60 per equity share of ₹ 10 each.

## PERFORMANCE

During 2014-15, your Company achieved a turnover of ₹ 2578.78 crores compared to ₹ 3310.26 crores in the previous year. PBT at ₹ 18.29 crores is significantly lower compared to ₹ 93.55 crores during the previous year, mainly due to shut down of Urea plant from October 1, 2014 to January 6, 2015 on account of Fertilizer Policy of Government of India for Naphtha based urea units.



## PRODUCTION

### Urea

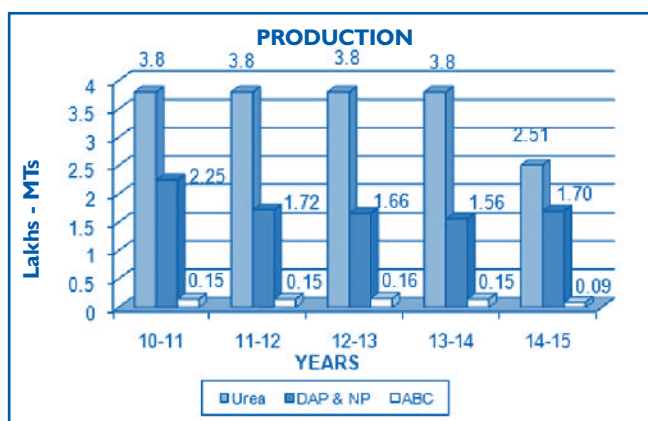
Your Company achieved production of 2,50,582 MTs against the reassessed capacity of 3,79,500 MTs, mainly due to shut down of plant from October 1, 2014 to January 6, 2015.

### Di-Ammonium Phosphate (DAP) and Complex Fertilizers

Your Company produced 1,69,835 MTs of Phosphatic Fertilizers during the year compared to 1,55,992 MTs in the previous year. Plant utilisation would have been much better, if there had been regular and adequate availability of Phosphoric Acid.

### Ammonium Bi-carbonate (ABC)

Production of ABC at 8,556 MTs during the year compared to 15,542 MTs in the previous year, was affected by inadequate availability of carbon-dioxide due to ammonia/urea plant shut down.



## SALES

During the year, your Company sold 2,49,820 MTs of Urea compared to 3,79,456 MTs in the previous year. Sales of manufactured Phosphatic Fertilizers were 1,71,376 MTs compared to 1,53,803 MTs in the previous year. Sales of imported fertilizers were 1,86,199 MTs against 1,98,775 MTs in the previous year.

Plant Nutrition Products sales have increased to ₹ 200 crores from ₹ 173 crores, an increase of 16%. Plant Protection Products sales have increased from ₹ 56 crores in the previous year to ₹ 67 crores in current year, an increase of 20%. These achievements are quite commendable given the various constraints faced by the Company and the unfavourable market situation.

### **SULPHONATED NAPHTHALENE FORMALDEHYDE (SNF)**

The plant set up in August 2010 for manufacture of SNF on a modular basis can take care of increased demand. The Company sold 9,948 MTs of SNF during the year, compared to 10,786 MTs in the previous year. The plant capacity utilization was lower due to cheaper imports and sluggishness in construction industry. The Company has continued with new product variants for applications in newer areas to improve plant utilization, in order to de-risk its focus on construction chemical industry.

### **PLANT NUTRITION PRODUCTS**

In order to retain & improve soil productivity and derive increased output from the same area of land, it is necessary to maintain soil health, correct imbalances in the nutrients essential for plant growth and yield, and manage irrigation properly. However, deterioration in soil productivity has reached alarming levels, due to indiscriminate and imbalanced use of NPK fertilizers, inadequate use of other nutrients essential for plant growth and injudicious use of irrigation water. Increase in the farm gate prices of Phosphatics and Potash, compared to stagnant Urea prices has further aggravated this problem. In order to arrest and correct this situation, your Company has introduced products that maintain soil health, provide balanced and complete nutrition and improve crop health.

To address the nutrient deficiencies noticed in the soil resulting in inadequate output or crop failure in the areas serviced by our marketing network, our Research and Development (R & D) units at Hassan and Hubli have been developing nutrient mixtures, enriched organic manure products and soil conditioners to mitigate crop specific issues, apart from providing analytical and advisory service. The response from the crop growers on the efficacy of these products has been quite positive and there is a growing demand for development of similar products for other crops.

To actively focus attention of all concerned on the specifics involved therein, your Company has been promoting successfully two unique concepts viz. Mangala Mitra and Mangala Saathi for three years now. Under Mangala Mitra, opinion leaders in the villages were identified, enrolled, educated and trained on a continual basis on the whole gamut of soil management, crop nutrition and crop protection. These Mangala Mitras in turn educate fellow farmers on various aspects of crop cultivation. Through this innovative approach, your Company is effectively implementing the Mangala Integrated Nutrient Management ("Mangala INM") concept, an approach to enable the farmer to make his agriculture an economically sustainable one. Under Mangala Saathi, all the good and potentially good dealers are given special attention through

many unique programs that encourage and motivate them for better performance. These two approaches have greatly helped in promoting nutrient management awareness.

The Mangala INM concept was introduced in 2002-03 where your Company achieved a modest turnover of ₹ 32 lakhs in the Plant Nutrition product segment. Focussed and continued effort in identifying customer needs, introducing suitable products and educating farmers as well as channel partners in proper use of these inputs has resulted in a significant business growth year on year, with the Company achieving a turnover of Rs 200 Crores during the year. The growth achieved during the year that witnessed unfavourable market situation has been considerable.

In order to support marketing requirement with timely supply of quality Plant Nutrition products, the Specialty Fertilizer manufacturing facility set up in 2011 at the factory in Mangalore with an annual capacity of 12,000 MT of Water Soluble Fertilizers and Micronutrient Mixtures, has greatly helped in growth of water soluble fertilizer segment in your Company, one of the fast growing agri input segments in India

### **PLANT PROTECTION CHEMICALS**

As part of diversification and growth strategy and in order to offer a wider range of agri-inputs, your Company introduced Plant Protection (PP) products in July 2010. As an entry strategy, a collaborative approach was adopted, with your Company marketing the products of reputed pesticide companies through its channel partner network. Subsequently, your Company also started introducing selected molecules in its own brand. During the year, your Company launched Mangala Ace, an insecticide. In addition, a spray adjuvant was launched under brand name Mangala Superspreader. In the financial year 2015-16, your Company plans to launch 4 more selected molecules under its own brand. The Plant Protection Chemicals business registered a turnover of ₹ 67 crores compared to ₹ 56 crores in the previous year.

### **ANALYTICAL AND ADVISORY SERVICE**

To promote the concept of Mangala INM, R & D facilities established at Hassan and Hubli have the capability to analyze sample substrates of soil, water, plant tissues, plant nutrients, organic manures, soil amendments, fertilizers etc. Through these facilities, analysis of the samples pertaining to our customers is done and appropriate recommendations for soil health management and crop management are given. Suitable follow up is done to ensure effective implementation of the recommendation. All these are provided to our customers free of cost to ensure their active participation in achieving profitability and sustainability in agriculture.

### **WORKING CAPITAL**

Continued under-provisioning for fertilizer subsidy in the Union Budget with resultant unusual delay in subsidy payment by Government of India (GOI) contributed to precarious working capital shortage, resulting in lower imports than market demand. Delay in the release of GOI subsidy and increase in interest and other costs charged by banks resulted in increase in finance cost.

## **RENOVATION / MODERNIZATION OF AMMONIA / UREA PLANTS – NG CONVERSION PROJECT**

As mandated by Department of Fertilizers, GOI, the Company has successfully completed gas conversion project of urea operations in June 2014 at a cost of around ₹ 305 crores. The plant can therefore work on dual feed of gas and naphtha. The Company has signed a Gas Supply Agreement with Indian Oil Corporation Limited and a Gas Transmission Agreement with GAIL (India) Limited in February 2011.

Though Petronet LNG terminal of Kochi has been commissioned in September 2013, unsatisfactory progress in laying of gas pipeline from Kochi to Mangalore by GAIL (India) Limited has prevented your Company from receiving gas for urea production. Various alternatives are being studied, for providing gas availability/connectivity to Mangalore.

## **FERTILIZER POLICY**

As per the Modified New Pricing Scheme (NPS) – III for existing urea units notified on April 2, 2014, the production of the high cost naphtha based urea units namely SPIC – Tuticorin, MFL – Manali and your Company was to continue till the gas availability and connectivity is provided to these units or by June 2014, whichever is earlier, beyond which subsidy for naphtha based plants will not be paid.

The Cabinet Committee on Economic Affairs (CCEA), in its meeting held on August 27, 2014, approved the operation of these three Naphtha based urea plants from July 01, 2014 to September 30, 2014. Meanwhile, your Company had approached Hon'ble High Court of Delhi on September 29, 2014 with a prayer to direct the GOI to continue subsidy for Naphtha based plants until gas is made available to the Company. CCEA in its meeting held on December 10, 2014 allowed operation of Naphtha based urea plants for 100 days from the date of notification of its decision i.e January 07, 2015. Accordingly, the Urea plant which was shut from October 01, 2014 to January 06, 2015 resumed operations on January 7, 2015, which adversely affected operations and profitability. Lower PBT for the year 2014-15 is mainly due to lower production and sale of urea on account of shut down.

The Urea production is being continued after the expiry of said period of 100 days i.e April 16, 2015, based on the orders of the Hon'ble High Court of Delhi dated April 16, 2015 which ordered GOI to continue with the arrangement made as per Notification No. 12012/3/2010-FPP dated January 07, 2015, until GOI makes appropriate policy for subsidy to Naphtha based plants.

The Nutrient Based Subsidy Scheme (NBS) was introduced by the GOI with effect from April 1, 2010, enabling GOI to announce annual concession rates in advance. This facilitates the Company to plan import of higher quantities of Phosphatic and Potassic fertilizers. GOI had reduced the subsidy of Muriate of Potash (MOP) only for the year 2014-15 due to lower prices in international market and decided to continue the existing subsidy rates for Phosphatic and Potassic fertilizers under the Nutrient Based Subsidy (NBS) policy for the year 2015-16.

## **SAFETY, HEALTH, ENVIRONMENT AND POLLUTION CONTROL**

### **Safety**

Your Company has obtained Occupational Health and Safety Management System certification OHSAS 18001:2007 by DNV as part of its commitment to continual improvement. In addition to the periodic audits carried out under the integrated management system, a statutory – annual safety audit was also carried out by a team of Internal Auditors. Your Company has obtained ISO 22000:2005 certificate for manufacturing of food grade Ammonium Bi-carbonate (ABC) during the year.

Extensive training programs related to rescue operations, usage of personal protective equipment, emergency management, Fire Safety at home, SH&E management system for employees were organized. Regular mock drills were also conducted to check the emergency preparedness.

Firefighting training is being conducted every Friday to train the employees and also contractors' workmen. Various training programmes (Audio, Visual & practical) were conducted both at plant location and township.

### **Health**

Periodic medical examination was conducted for all the employees and contract workers which included general physical examination and laboratory investigations. Special tests like pulmonary function test for the employees who are exposed to dust and chemicals, audiometry for those exposed to noise and vision test for those who require high visual acuity at workplace were performed periodically.

Medical examination was conducted for the employees at Corporate Office and also at the area offices. The employees with abnormal findings on annual medical examination were advised regarding further management. Medical examination of the canteen workers with more stress on personal hygiene was conducted. Regular check-up of canteen premises and the canteen food was carried out for maintaining hygiene and the quality of the food. First aid training programmes were conducted for employees and contract workers.

Health awareness programmes on various subjects like Diabetic foot care, Diet for diabetics, Hazards of drug abuse & prevention and Swine –flu were conducted by experts.

### **Environment**

As an ISO 14001 certified company, many environmental management programs have been implemented to improve the environmental performance of the Company. The Company has installed waste water treatment plant to treat, recycle and reuse the entire quantity of sewage and process effluents, thereby achieving the status of zero liquid effluent discharge. This is achieved by upgrading the effluent treatment

system by the installation of Lamella clarifier, Ultra-filtration and Reverse Osmosis (RO) technologies for the treatment of trade effluent and Membrane Bio- Reactor (MBR) technology for the treatment of domestic effluent. As a part of corporate social responsibility, the Company has implemented the rainwater harvesting system at the Township and has installed sewage treatment plant to treat the sewage generated at the Township. The treated sewage water is used for gardening. In addition to the existing 64 acres of green belt, Company has planted 2,000 saplings during 2014-15.

The Company has installed Continuous Ambient Air Quality Monitoring (CAAQM) station inside factory premises for continuous monitoring of ambient air quality. Ambient air quality data from CAAQM station is being displayed in LED display board at the entrance of our factory facing National Highway for public information.

The Company has bagged the prestigious **“FAI Environmental Protection Award”** instituted by the Fertilizer Association of India (FAI) in the NP/NPK fertilizer plants excluding captive acids category continuously for the last five years.

On the occasion of “World Environment Day - 2014” celebration jointly organized by Dakshina Kannada District Administration, Karnataka State Pollution Control Board and Mangalore City Corporation on 21.6.2014, Mangalore Chemicals & Fertilizers Limited was awarded the Environment Award for installing the waste water recovery unit with modern technology and reusing the entire treated wastewater. The award was handed over by Shri B. Ramanath Rai, Hon'ble Minister for Forest, Environment and Ecology, Government of Karnataka.

## SHARE CAPITAL

As at March 31, 2015, the paid up capital of the Company was ₹ 118,51,51,500 comprising 11,85,15,150 shares of ₹10 each. There was no change in the paid up share capital of the Company during the year.

Zuari Fertilisers and Chemicals Limited (a wholly owned subsidiary of Zuari Agro Chemicals Limited), which was holding 16.43% of the paid of share capital of the Company at the beginning of the year, acquired 0.04% paid up share capital of the Company in November 2014 pursuant to the open offer followed by another open offer in May 2015 acquiring 36.56% of the paid up share capital of the Company under the extant Regulations, aggregating its total holding to 53.03%. In view of this, your Company has become subsidiary of Zuari Fertilisers and Chemicals Limited. Consequently, the Company has also become subsidiary of Zuari Agro Chemicals Limited.

## EXTRACTS OF ANNUAL RETURN

Pursuant to the provisions of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extracts of Annual Return are furnished in Annexure I attached to this Report.

## NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR

Five meetings were held during the year.

## DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, your Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis;
- the directors, have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively;
- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declaration of independence from the Independent Directors and the same have been noted by the Board of Directors in its meeting held on May 29, 2015.

## DIRECTORS

Dr. Vijay Mallya resigned from the Board of Directors of the Company with effect from 30.11.2014 due to his other pre-occupations. Mr. N Sundar Rajan ceased to be Independent Director of the Company w.e.f 17.7.2014 on his unfortunate demise.

Mrs. Ritu Mallya was inducted on the Board of Directors with effect from December 4, 2014, Mr. S. R. Gupte retires at the Annual General Meeting and is not seeking re-election. Mr. Srinivasulu Reddy Magunta is appointed as an Independent Director with effect from 07.08.2014.

Your Directors wish to place on record the seminal role played by Dr. Vijay Mallya in steering the Company through difficult phases and shaping



the growth by his vision, leadership and guidance. Your Directors also wish to place on record their sincere appreciation of the invaluable contribution by Mr. N Sunder Rajan during his association with the Company.

## **DIRECTORS' TRAINING, FAMILIARIZATION & EVALUATION AND NOMINATION & REMUNERATION POLICY**

Considering the long association of the directors with the Company and their seniority and expertise in their respective areas of specialization and knowledge of the fertilizer industry, their training and familiarization are not considered necessary and accordingly no such programmes were conducted.

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an evaluation of performance of the directors individually as well as the evaluation of the Board and Committees. The evaluation process was carried out by circulating questionnaires on the Board and Committees' functioning such as adequacy of the composition of the Board and its Committees, disclosure of information to the Board and Committees, performance of duties and obligations, governance parameters, participation of the members of the Board and Committees. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the non Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process and performance of Board of Directors and Committees.

The Company has the Nomination & Remuneration Policy which deals with appointment and removal of directors, evaluation of directors, remuneration for the directors, key managerial personnel and senior management, which is attached to this Report as Annexure 2.

## **SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES**

The Company does not have any Subsidiary, Associate Company or Joint venture.

## **CORPORATE SOCIAL RESPONSIBILITY**

Your Company discharged its corporate social responsibility in true spirit and has been actively engaged in the upliftment / development of the communities in its operating territory.

The Board of Directors of the Company in its meeting held on August 07, 2014 has constituted the Corporate Social Responsibility (CSR) Committee to monitor implementation of CSR activities of the Company. The CSR Committee consists of the following Directors as its members

1. Mr. S R Gupte, Chairman
2. Mr. Srinivasulu Reddy Magunta
3. Mr. Pratap Narayan
4. Mr. Deepak Anand

Based on the recommendation of the CSR Committee, the Company has formulated a comprehensive Corporate Social Responsibility (CSR) policy under which Rural Health and Rural Education have been the areas of specific focus. The details of CSR policy, CSR initiative and activities during the year and the Annual Report on Company's CSR activities are furnished in Annexure 3 attached to this report.

## **COMPOSITION OF AUDIT COMMITTEE AND VIGIL MECHANISM**

The Audit Committee consists of the following members;

1. Mr. Pratap Narayan, Chairman
2. Mr. Srinivasulu Reddy Magunta
3. Mr. S. R. Gupte

The Company has established a vigil mechanism through its Whistleblower Policy and the Audit Committee of the Company is responsible to review periodically the efficient and effective functioning of the vigil mechanism, to deal with instances of fraud and mismanagement, and suspected violations of the Company's Code of Business Conduct and Ethics, if any.

The Policy provides for adequate safeguards against victimization of employees and directors who express their concerns. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of the employees and the Company. The whistleblower policy of the Company is placed on the website of the Company which can be accessed at <http://www.mangalorechemicals.com/investor-whistle-blower-policy>.

## **RISK MANAGEMENT**

The Company has the requisite processes and procedures in place to assist in minimizing exposure to risk that threaten the existence of the Company, including vendor contracting, transferring risk through personal liability, health, travel and life insurance; preventing/controlling risk through training and supervision; and by analyzing the risk in a manner that considers the whole organization and not just its individual components.

The heads of departments regularly review and assess the departmental policies/procedures and identify risks, perform analysis of the frequency and severity of potential risks, select the best techniques to manage risk, implement appropriate risk management techniques and monitor, evaluate and document results.

## **LOANS, GUARANTEES OR INVESTMENTS**

The Company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013. The details of the investments made by company are given in the notes to the financial statements.

## RELATED PARTY TRANSACTIONS

There were no contracts or arrangements made with related parties as defined under Section 188 of the Companies Act, 2013 during the year.

## DEPOSITS

During the year, the Company has neither accepted nor renewed any deposits, covered under Section 73 of the Companies Act, 2013 read with Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014.

## STATUTORY AUDIT

The Statutory Auditors, M/s K. P. Rao & Co., Chartered Accountants, were appointed to hold office from the conclusion of 47th Annual General Meeting till the conclusion of 50th Annual General Meeting of the Company subject to ratification by the members at every Annual General Meeting. Accordingly, their appointment needs to be ratified by the members at the Annual General Meeting.

## SECRETARIAL AUDIT

Pursuant to provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company appointed Mr. S. Kedarnath, Practicing Company Secretary to undertake the Secretarial Audit of the Company. The Secretarial Audit report is annexed herewith as Annexure 4.

## COST AUDIT

The Company re-appointed Mr. P. R. Tantri, Cost Accountant, Membership No. 2403, as the Cost Auditor for the year 2014-15. The Cost Audit Report for the year ended March 31, 2014 has been filed with the Ministry of Corporate Affairs.

## AUDITORS' REPORT & SECRETARIAL AUDIT REPORT

There were no qualifications, reservations or adverse remarks made either by the Statutory Auditors or by the Secretarial Auditor in their respective reports.

## MATERIAL CHANGES AND COMMITMENTS, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report.

## DETAILS PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, shall form part of this report. However, in terms of Section 136 of the Act, this report is being sent to all the members of the Company excluding the aforesaid information. The said particulars are available for inspection by the Members at the Registered Office of the Company.

## DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Pursuant to Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the committee is constituted and no complaint / case has been filed / pending with the Company during the year.

## CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in Annexure 5 attached to this report.

## CORPORATE GOVERNANCE

The Company is committed to good corporate governance practices. The Board endeavors to adhere to the standards set out by the Securities and Exchange Board of India (SEBI) on corporate governance practices and accordingly has implemented all the mandatory stipulations prescribed.

A detailed corporate governance report in line with the requirements of Clause 49 of the listing agreement regarding the corporate governance practices followed by the Company and the Statutory Auditors' certificate indicating compliance of mandatory requirements along with management discussion and analysis report are given as Annexure 6 and 7.

## ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere appreciation of the guidance and advice given by Dr. Vijay Mallya and Mr. N Sunder Rajan during their association with the Company.

Your Directors thank the Company's clients, vendors, investors and bankers for their support. Your Directors also wish to place on record their appreciation of the excellent performance of the employees.

Your Directors express their gratitude to the Government of India, the State Governments, the Customs and Excise Departments and other government agencies for their support, and look forward to their continued support in the future.

**For and on behalf of the Board of Directors,**

**S R Gupte**  
Director

**Deepak Anand**  
Managing Director

May 29, 2015  
Mumbai

## Annexure I

### Extract of Annual Return as at March 31, 2015

(Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(I) of the Companies  
(Management & Administration) Rules, 2014

#### I. REGISTRATION AND OTHER DETAILS:

|      |                                                                   |                                                                                                                                   |
|------|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| i.   | CIN                                                               | L24123KA1966PLC002036                                                                                                             |
| ii.  | Registration Date                                                 | July 27, 1966                                                                                                                     |
| iii. | Name of the Company                                               | Mangalore Chemicals & Fertilizers Limited                                                                                         |
| iv.  | Category / Sub-Category of the Company                            | Private sector / Public listed company                                                                                            |
| v.   | Address of the Registered office and contact details              | Level II, UB tower, UB city 24, Vittal Mallya road, Bangalore, Karnataka, India - 560001, Ph. No. : 080-3985 5500 / 6000          |
| vi.  | Whether listed company                                            | Yes                                                                                                                               |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent | M/s. Cameo Corporate Services Limited, 'Subramanian Building', No. 1, Club House Road, Chennai – 600 002, Ph. No. : 044-2846 0390 |

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

The business activities contributing 10 % or more of the total turnover of the Company are as below:-

| Sl. No. | Name and Description of main products / services    | NIC code of the Product/Service | % to total turnover of the Company |
|---------|-----------------------------------------------------|---------------------------------|------------------------------------|
| 1       | Urea                                                | 3012                            | 39.12%                             |
| 2       | Di Ammonium Phosphate (DAP), including imported DAP | 3013                            | 30.31%                             |
| 3       | Muriate of Potash (MOP)                             | 3013                            | 10.85%                             |

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

There were no holding, subsidiary and associate companies during the year.

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding

| Category of shareholders                                        | No. of Shares held at the beginning of the year |          |                 |                   | No. of Shares held at the end of the year |          |                 |                   | % Change during the year |
|-----------------------------------------------------------------|-------------------------------------------------|----------|-----------------|-------------------|-------------------------------------------|----------|-----------------|-------------------|--------------------------|
|                                                                 | Demat                                           | Physical | Total           | % of total shares | Demat                                     | Physical | Total           | % of total shares |                          |
| <b>A Shareholding of Promoter and Promoter Group</b>            |                                                 |          |                 |                   |                                           |          |                 |                   |                          |
| <b>1 Indian</b>                                                 |                                                 |          |                 |                   |                                           |          |                 |                   |                          |
| a) Individuals/ Hindu Undivided Family                          | -                                               | -        | -               | -                 | -                                         | -        | -               | -                 | -                        |
| b) Central Government/State Government(s)                       | -                                               | -        | -               | -                 | -                                         | -        | -               | -                 | -                        |
| c) Bodies Corporate                                             | 26042896                                        | -        | 26042896        | 21.97             | 45557107                                  | -        | 45557107        | 38.44             | 16.47                    |
| d) Financial Institutions/ Banks                                | -                                               | -        | -               | -                 | -                                         | -        | -               | -                 | -                        |
| e) Any Others(Specify)                                          | -                                               | -        | -               | -                 | -                                         | -        | -               | -                 | -                        |
| <b>Sub Total(A)(1)</b>                                          | <b>26042896</b>                                 | <b>-</b> | <b>26042896</b> | <b>21.97</b>      | <b>45557107</b>                           | <b>-</b> | <b>45557107</b> | <b>38.44</b>      | <b>16.47</b>             |
| <b>2 Foreign</b>                                                |                                                 |          |                 |                   |                                           |          |                 |                   |                          |
| a) Individuals (Non-residents Individuals/ Foreign Individuals) | -                                               | -        | -               | -                 | -                                         | -        | -               | -                 | -                        |
| b) Bodies Corporate                                             | -                                               | -        | -               | -                 | -                                         | -        | -               | -                 | -                        |
| c) Institutions                                                 | -                                               | -        | -               | -                 | -                                         | -        | -               | -                 | -                        |
| d) Qualified Foreign Investor                                   | -                                               | -        | -               | -                 | -                                         | -        | -               | -                 | -                        |

| Category of shareholders                                                                   | No. of Shares held at the beginning of the year |                |                  |                   | No. of Shares held at the end of the year |                |                  |                   | % Change during the year |
|--------------------------------------------------------------------------------------------|-------------------------------------------------|----------------|------------------|-------------------|-------------------------------------------|----------------|------------------|-------------------|--------------------------|
|                                                                                            | Demat                                           | Physical       | Total            | % of total shares | Demat                                     | Physical       | Total            | % of total shares |                          |
| e) Any Others (specify)                                                                    | -                                               | -              | -                | -                 | -                                         | -              | -                | -                 | -                        |
| <b>Sub Total (A)(2)</b>                                                                    | -                                               | -              | -                | -                 | -                                         | -              | -                | -                 | -                        |
| <b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)</b>               | <b>26042896</b>                                 | <b>-</b>       | <b>26042896</b>  | <b>21.97</b>      | <b>45557107</b>                           | <b>-</b>       | <b>45557107</b>  | <b>38.44</b>      | <b>16.47</b>             |
| <b>B) Public shareholding</b>                                                              |                                                 |                |                  |                   |                                           |                |                  |                   |                          |
| <b>1) Institutions</b>                                                                     |                                                 |                |                  |                   |                                           |                |                  |                   |                          |
| a) Mutual Funds/UTI                                                                        | 810804                                          | 119975         | 930779           | 0.79              | 10582                                     | 119375         | 129957           | 0.11              | -0.68                    |
| b) Financial Institutions/Banks                                                            | 51729                                           | 349856         | 401585           | 0.34              | 61873                                     | 349806         | 411679           | 0.35              | 0.01                     |
| c) Central Government/ State Government(s)                                                 | 1050000                                         | 2709884        | 3759884          | 3.17              | 1050000                                   | 3050           | 1053050          | 0.89              | -2.28                    |
| d) Venture Capital Funds                                                                   | -                                               | -              | -                | -                 | -                                         | -              | -                | -                 | -                        |
| e) Insurance Companies                                                                     | -                                               | 5140           | 5140             | -                 | -                                         | 5090           | 5090             | -                 | -                        |
| f) Foreign Institutional Investors                                                         | -                                               | -              | -                | -                 | 420000                                    | -              | 420000           | 0.35              | 0.35                     |
| g) Foreign Venture Capital Investors                                                       | -                                               | -              | -                | -                 | -                                         | -              | -                | -                 | -                        |
| h) Qualified Foreign Investor                                                              | -                                               | -              | -                | -                 | -                                         | -              | -                | -                 | -                        |
| i) Any Other (specify)                                                                     | -                                               | -              | -                | -                 | -                                         | -              | -                | -                 | -                        |
| Foreign Portfolio Investor (Corporate)                                                     | -                                               | -              | -                | -                 | 22000                                     | -              | 22000            | 0.02              | 0.02                     |
| <b>Sub-Total (B)(1)</b>                                                                    | <b>1912533</b>                                  | <b>3184855</b> | <b>5097388</b>   | <b>4.30</b>       | <b>1564455</b>                            | <b>477321</b>  | <b>2041776</b>   | <b>1.72</b>       | <b>-2.58</b>             |
| <b>2) Non-institutions</b>                                                                 |                                                 |                |                  |                   |                                           |                |                  |                   |                          |
| a) Bodies Corporate                                                                        | 56454329                                        | 346665         | 56800994         | 47.93             | 46083072                                  | 3108805        | 49191877         | 41.51             | -6.42                    |
| b) Individuals                                                                             |                                                 |                |                  |                   |                                           |                |                  |                   |                          |
| i. Individual shareholders holding nominal share capital up to ₹ 1 lakh                    | 14739489                                        | 5225048        | 19964537         | 16.85             | 10937068                                  | 4899780        | 15836848         | 13.36             | -3.48                    |
| ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.           | 8268336                                         | 668527         | 8936863          | 7.54              | 4446457                                   | 614992         | 5061449          | 4.27              | -3.27                    |
| c) Qualified Foreign Investor                                                              | -                                               | -              | -                | -                 | -                                         | -              | -                | -                 | -                        |
| d) Any Other (specify)                                                                     |                                                 |                |                  |                   |                                           |                |                  |                   |                          |
| Clearing Member                                                                            | 40657                                           | -              | 40657            | 0.03              | 55125                                     | -              | 55125            | 0.05              | 0.01                     |
| Foreign Nationals                                                                          | 1500                                            | 20             | 1520             | 0.00              | -                                         | 20             | 20               | -                 | -                        |
| Hindu Undivided Families                                                                   | 1215133                                         | -              | 1215133          | 1.03              | 535098                                    | -              | 535098           | 0.45              | -0.57                    |
| Non-resident Indians                                                                       | 402211                                          | 6735           | 408946           | 0.35              | 222865                                    | 6635           | 229500           | 0.19              | -0.15                    |
| Societies                                                                                  | -                                               | 2150           | 2150             | -                 | -                                         | 2150           | 2150             | -                 | -                        |
| Trusts                                                                                     | 4066                                            | -              | 4066             | -                 | 4200                                      | -              | 4200             | -                 | -                        |
| <b>Sub-Total (B)(2)</b>                                                                    | <b>81125721</b>                                 | <b>6249145</b> | <b>87374866</b>  | <b>73.72</b>      | <b>62283885</b>                           | <b>8632382</b> | <b>70916267</b>  | <b>59.84</b>      | <b>-13.89</b>            |
| <b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>                                       | <b>83038254</b>                                 | <b>9434000</b> | <b>92472254</b>  | <b>78.03</b>      | <b>63848340</b>                           | <b>9109703</b> | <b>72958043</b>  | <b>61.56</b>      | <b>-16.47</b>            |
| <b>TOTAL (A)+(B)</b>                                                                       | <b>109081150</b>                                | <b>9434000</b> | <b>118515150</b> | <b>100.00</b>     | <b>109405447</b>                          | <b>9109703</b> | <b>118515150</b> | <b>100.00</b>     | <b>0.00</b>              |
| <b>C) Shares held by Custodians and against which Depository Receipts have been issued</b> |                                                 |                |                  |                   |                                           |                |                  |                   |                          |
| 1) Promoter and Promoter Group                                                             | -                                               | -              | -                | -                 | -                                         | -              | -                | -                 | -                        |
| 2) Public                                                                                  | -                                               | -              | -                | -                 | -                                         | -              | -                | -                 | -                        |
| <b>GRAND TOTAL (A) + (B) + (C)</b>                                                         | <b>109081150</b>                                | <b>9434000</b> | <b>118515150</b> | <b>100.00</b>     | <b>109405447</b>                          | <b>9109703</b> | <b>118515150</b> | <b>100.00</b>     | <b>0.00</b>              |

**ii) Shareholding of Promoters**

| Sl. No. | Shareholder's Name                       | No. of Shares held at the beginning of the year |                                  |                                                  | No. of Shares held at the end of the year |                                  |                                                  | % change during the year |
|---------|------------------------------------------|-------------------------------------------------|----------------------------------|--------------------------------------------------|-------------------------------------------|----------------------------------|--------------------------------------------------|--------------------------|
|         |                                          | No. of shares                                   | % of total shares of the Company | % of shares pledged / encumbered to total shares | No. of shares                             | % of total shares of the Company | % of shares pledged / encumbered to total shares |                          |
| 1       | United Breweries (Holdings Limited)      | 17836068                                        | 15.05                            | 11.61                                            | 17836068                                  | 15.05                            | 4.01                                             | 0.00                     |
| 2       | McDowell Holdings Limited                | 5826828                                         | 4.92                             | 0                                                | 5826828                                   | 4.92                             | 0                                                | 0.00                     |
| 3       | Kingfisher Finvest India Limited         | 2380000                                         | 2.01                             | 0                                                | 2380000                                   | 2.01                             | 0                                                | 0.00                     |
| 4       | Zuari Fertilisers and Chemicals Limited* | -                                               | -                                | -                                                | 19514211                                  | 16.47                            | 0                                                | 16.47                    |
|         | <b>TOTAL</b>                             | <b>26042896</b>                                 | <b>21.97</b>                     | <b>11.61</b>                                     | <b>45557107</b>                           | <b>38.44</b>                     | <b>4.01</b>                                      | <b>16.47</b>             |

\* classified as co-promoter w.e.f. 3.11.2014



iii) **Change in Promoters' Shareholding (please specify, if there is no change)**

| Sl. No. | Name of the Promoter                    | Date (ddmmYYYY) | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|-----------------------------------------|-----------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|         |                                         |                 | No. of shares - purchase (+)/ sale(-)     | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| 1       | United Breweries (Holdings) Limited     | -               | 17,836,068                                | 15.05                            | 17,836,068                              | 15.05                            |
| 2       | McDowell Holdings Limited               | -               | 5,826,828                                 | 4.92                             | 5,826,828                               | 4.92                             |
| 3       | Kingfisher Finvest India Ltd            | -               | 2,380,000                                 | 2.01                             | 2,380,000                               | 2.01                             |
| 4       | Zuari Fertilisers and Chemicals Limited |                 |                                           |                                  |                                         |                                  |
|         | At the beginning of the year            |                 | 19,471,787                                | 16.43                            | 19,471,787                              | 16.43                            |
|         |                                         | 07/11/2014      | 11,510                                    | 0.01                             | 19,483,297                              | 16.44                            |
|         |                                         | 12/12/2014      | 30,914                                    | 0.03                             | 19,514,211                              | 16.47                            |
|         | At the end of the Year                  | -               | -                                         | -                                | 19,514,211                              | 16.47                            |

iv) **Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

| Sl. No. | Top 10 Shareholders                                                                 | Date (ddmmYYYY) | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|-------------------------------------------------------------------------------------|-----------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|         |                                                                                     |                 | No. of shares Purchase (+) Sale (-)       | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| 1       | SCM Soilfert Limited                                                                |                 |                                           |                                  |                                         |                                  |
|         | At the beginning of the year                                                        |                 | 28,991,150                                | 24.46                            | 28,991,150                              | 24.46                            |
|         |                                                                                     | 7/11/2014       | 5,281,401                                 | 4.46                             | 34,272,551                              | 28.92                            |
|         |                                                                                     | 5/12/2014       | -1,104,916                                | -0.93                            | 33,167,635                              | 27.99                            |
|         |                                                                                     | 12/12/2014      | -1,195,084                                | -1.01                            | 31,972,551                              | 26.98                            |
|         |                                                                                     | 31/12/2014      | -306,744                                  | -0.26                            | 31,665,807                              | 26.72                            |
|         |                                                                                     | 2/01/2015       | -94,875                                   | -0.08                            | 31,570,932                              | 26.64                            |
|         |                                                                                     | 9/01/2015       | -162,349                                  | -0.14                            | 31,408,583                              | 26.50                            |
|         |                                                                                     | 30/01/2015      | 2,762,840                                 | 2.33                             | 34,171,423                              | 28.83                            |
|         |                                                                                     | 6/02/2015       | -302,185                                  | -0.26                            | 33,869,238                              | 28.58                            |
|         |                                                                                     | 13/02/2015      | -54,650                                   | -0.05                            | 33,814,588                              | 28.53                            |
|         |                                                                                     | 20/02/2015      | -36,102                                   | -0.03                            | 33,778,486                              | 28.50                            |
|         |                                                                                     | 27/02/2015      | -4,612                                    | -0.00                            | 33,774,324                              | 28.50                            |
|         |                                                                                     | 13/03/2015      | -450                                      | -0.00                            | 33,773,874                              | 28.50                            |
|         |                                                                                     | 31/03/2015      | -24,251                                   | -0.02                            | 33,749,623                              | 28.48                            |
|         | At the end of the year (or on the date of separation, if separated during the year) |                 |                                           |                                  | 33,749,623                              | 28.48                            |
| 2       | Karnataka State Co-operative Marketing Federation Limited                           |                 |                                           |                                  |                                         |                                  |
|         | At the beginning of the year                                                        |                 | 2,706,834                                 | 2.28                             | 2,706,834                               | 2.28                             |
|         |                                                                                     | 30/01/2015      | -2,706,834                                | -2.28                            | -                                       | -                                |
|         | At the end of the year (or on the date of separation, if separated during the year) |                 |                                           |                                  | -                                       | -                                |
| 3       | Mohit Burman                                                                        |                 |                                           |                                  |                                         |                                  |
|         | At the beginning of the year                                                        |                 | 900,000                                   | 0.76                             | 900,000                                 | 0.76                             |
|         |                                                                                     | 18/04/2014      | 45,000                                    | 0.04                             | 945,000                                 | 0.80                             |
|         |                                                                                     | 25/04/2014      | 39,609                                    | 0.03                             | 984,609                                 | 0.83                             |
|         |                                                                                     | 18/07/2014      | 9,999                                     | 0.01                             | 994,608                                 | 0.84                             |
|         |                                                                                     | 25/07/2014      | 8,342                                     | 0.01                             | 1,002,950                               | 0.85                             |
|         |                                                                                     | 8/10/2014       | -50,000                                   | -0.04                            | 952,950                                 | 0.80                             |
|         |                                                                                     | 14/10/2014      | 84,189                                    | 0.07                             | 1,037,139                               | 0.88                             |
|         |                                                                                     | 16/10/2014      | 25,811                                    | 0.02                             | 1,062,950                               | 0.90                             |
|         |                                                                                     | 17/10/2014      | 90,000                                    | 0.08                             | 1,152,950                               | 0.97                             |
|         |                                                                                     | 20/10/2014      | -1,152,950                                | -0.97                            | -                                       | -                                |
|         | At the end of the year (or on the date of separation, if separated during the year) |                 |                                           |                                  | -                                       | -                                |

| Sl. No. | Top 10 Shareholders                                                                      | Date (ddmmYYYY)                                                                      | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|         |                                                                                          |                                                                                      | No. of shares Purchase (+)<br>Sale (-)    | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| 4       | <b>Digvijay Commerce and Trading Pvt Ltd</b><br>At the beginning of the year             |                                                                                      | 812,896                                   | 0.69                             | 812,896                                 | 0.69                             |
|         |                                                                                          | 4/04/2014                                                                            | -56,374                                   | -0.05                            | 756,522                                 | 0.64                             |
|         |                                                                                          | 11/04/2014                                                                           | -9,171                                    | -0.01                            | 747,351                                 | 0.63                             |
|         |                                                                                          | 18/04/2014                                                                           | -54,966                                   | -0.05                            | 692,385                                 | 0.58                             |
|         |                                                                                          | 25/04/2014                                                                           | 70,728                                    | 0.06                             | 763,113                                 | 0.64                             |
|         |                                                                                          | 2/05/2014                                                                            | 15,103                                    | 0.01                             | 778,216                                 | 0.66                             |
|         |                                                                                          | 9/05/2014                                                                            | -36,523                                   | -0.03                            | 741,693                                 | 0.63                             |
|         |                                                                                          | 16/05/2014                                                                           | -562                                      | 0.00                             | 741,131                                 | 0.63                             |
|         |                                                                                          | 23/05/2014                                                                           | -221,853                                  | -0.19                            | 519,278                                 | 0.44                             |
|         |                                                                                          | 30/05/2014                                                                           | -338,638                                  | -0.29                            | 180,640                                 | 0.15                             |
|         |                                                                                          | 6/06/2014                                                                            | 43,370                                    | 0.04                             | 224,010                                 | 0.19                             |
|         |                                                                                          | 13/06/2014                                                                           | 298,090                                   | 0.25                             | 522,100                                 | 0.44                             |
|         |                                                                                          | 20/06/2014                                                                           | 142,550                                   | 0.12                             | 664,650                                 | 0.56                             |
|         |                                                                                          | 30/06/2014                                                                           | 125,711                                   | 0.11                             | 790,361                                 | 0.67                             |
|         |                                                                                          | 4/07/2014                                                                            | 154,788                                   | 0.13                             | 945,149                                 | 0.80                             |
|         |                                                                                          | 11/07/2014                                                                           | -70,112                                   | -0.06                            | 875,037                                 | 0.74                             |
|         |                                                                                          | 18/07/2014                                                                           | 44,252                                    | 0.04                             | 919,289                                 | 0.78                             |
|         |                                                                                          | 25/07/2014                                                                           | -9,245                                    | -0.01                            | 910,044                                 | 0.77                             |
|         |                                                                                          | 1/08/2014                                                                            | 16,327                                    | 0.01                             | 926,371                                 | 0.78                             |
|         |                                                                                          | 8/08/2014                                                                            | 5,520                                     | 0.00                             | 931,891                                 | 0.79                             |
|         |                                                                                          | 14/08/2014                                                                           | -111,342                                  | -0.09                            | 820,549                                 | 0.69                             |
|         |                                                                                          | 22/08/2014                                                                           | -214,521                                  | -0.18                            | 606,028                                 | 0.51                             |
|         |                                                                                          | 29/08/2014                                                                           | -422,306                                  | -0.36                            | 183,722                                 | 0.16                             |
|         |                                                                                          | 20/10/2014                                                                           | -183,722                                  | -0.16                            | -                                       | -                                |
|         |                                                                                          | At the end of the year ( or on the date of separation, if separated during the year) |                                           |                                  | -                                       | -                                |
| 5       | <b>IDFC Equity Opportunity - Series I</b><br>At the beginning of the year                | -                                                                                    | 800,000                                   | 0.68                             | 800,000                                 | 0.68                             |
|         |                                                                                          | 14/08/2014                                                                           | -800,000                                  | -0.68                            | -                                       | -                                |
|         |                                                                                          | At the end of the year ( or on the date of separation, if separated during the year) |                                           |                                  | -                                       | -                                |
| 6       | <b>Gujarat State Fertilizers &amp; Chemicals Limited</b><br>At the beginning of the year | -                                                                                    | 579,000                                   | 0.49                             | 579,000                                 | 0.49                             |
|         |                                                                                          | At the end of the year (or on the date of separation, if separated during the year)  |                                           |                                  | 579,000                                 | 0.49                             |
| 7       | <b>Ashok Kumar Damani</b><br>At the beginning of the year                                | -                                                                                    | 500,000                                   | 0.42                             | 500,000                                 | 0.42                             |
|         |                                                                                          | 9/05/2014                                                                            | 95,325                                    | 0.08                             | 595,325                                 | 0.50                             |
|         |                                                                                          | 16/05/2014                                                                           | 91,817                                    | 0.08                             | 687,142                                 | 0.58                             |
|         |                                                                                          | 30/05/2014                                                                           | 40,521                                    | 0.03                             | 727,663                                 | 0.61                             |
|         |                                                                                          | 4/07/2014                                                                            | -31,477                                   | -0.03                            | 696,186                                 | 0.59                             |
|         |                                                                                          | 11/07/2014                                                                           | -15,000                                   | -0.01                            | 681,186                                 | 0.57                             |
|         |                                                                                          | 18/07/2014                                                                           | -55,000                                   | -0.05                            | 626,186                                 | 0.53                             |
|         |                                                                                          | 25/07/2014                                                                           | -22,500                                   | -0.02                            | 603,686                                 | 0.51                             |
|         |                                                                                          | 1/08/2014                                                                            | -5,000                                    | 0.00                             | 598,686                                 | 0.51                             |
|         |                                                                                          | 8/08/2014                                                                            | -45,053                                   | -0.04                            | 553,633                                 | 0.47                             |
|         |                                                                                          | 14/08/2014                                                                           | -88,633                                   | -0.07                            | 465,000                                 | 0.39                             |
|         |                                                                                          | 8/10/2014                                                                            | -4,705                                    | 0.00                             | 460,295                                 | 0.39                             |
|         |                                                                                          | 9/10/2014                                                                            | 4,705                                     | 0.00                             | 465,000                                 | 0.39                             |
|         |                                                                                          | 24/10/2014                                                                           | -1,200                                    | 0.00                             | 463,800                                 | 0.39                             |
|         |                                                                                          | 31/10/2014                                                                           | 1,200                                     | 0.00                             | 465,000                                 | 0.39                             |
|         |                                                                                          | 21/11/2014                                                                           | -1,307                                    | 0.00                             | 463,693                                 | 0.39                             |
|         |                                                                                          | 28/11/2014                                                                           | 1,307                                     | 0.00                             | 465,000                                 | 0.39                             |
|         |                                                                                          | 5/12/2014                                                                            | 25,000                                    | 0.02                             | 490,000                                 | 0.41                             |
|         |                                                                                          | 12/12/2014                                                                           | -25,400                                   | -0.02                            | 464,600                                 | 0.39                             |
|         |                                                                                          | 19/12/2014                                                                           | 400                                       | 0.00                             | 465,000                                 | 0.39                             |
|         |                                                                                          | 9/01/2015                                                                            | 66,841                                    | 0.06                             | 531,841                                 | 0.45                             |
|         |                                                                                          | At the end of the year ( or on the date of separation, if separated during the year) |                                           |                                  | 531,841                                 | 0.45                             |

| Sl. No. | Top 10 Shareholders                                                                  | Date (ddmm/yyyy)                                                                     | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|         |                                                                                      |                                                                                      | No. of shares Purchase (+)<br>Sale (-)    | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| 8       | <b>Adonis Niryat Private Limited</b><br>At the beginning of the year                 |                                                                                      | 485,304                                   | 0.41                             | 485,304                                 | 0.41                             |
|         |                                                                                      | 11/04/2014                                                                           | -485,000                                  | -0.41                            | 304                                     | 0.00                             |
|         |                                                                                      | 23/05/2014                                                                           | 475,000                                   | 0.40                             | 475,304                                 | 0.40                             |
|         |                                                                                      | 30/05/2014                                                                           | -70,000                                   | -0.06                            | 405,304                                 | 0.34                             |
|         |                                                                                      | 13/06/2014                                                                           | -20,000                                   | -0.02                            | 385,304                                 | 0.33                             |
|         |                                                                                      | 17/10/2014                                                                           | -133,837                                  | -0.11                            | 251,467                                 | 0.21                             |
|         |                                                                                      | 24/10/2014                                                                           | -251,467                                  | -0.21                            | -                                       | -                                |
|         |                                                                                      | At the end of the year ( or on the date of separation, if separated during the year) |                                           |                                  | -                                       | -                                |
| 9       | <b>Karnataka Agro Industries Corporation Limited</b><br>At the beginning of the year |                                                                                      | 471,000                                   | 0.40                             | 471,000                                 | 0.40                             |
|         |                                                                                      | At the end of the year ( or on the date of separation, if separated during the year) |                                           |                                  | 471,000                                 | 0.40                             |
| 10      | <b>Kotak Mahindra Investments Ltd</b><br>At the beginning of the year                |                                                                                      | 422,104                                   | 0.36                             | 422,104                                 | 0.36                             |
|         |                                                                                      | 4/04/2014                                                                            | 56,374                                    | 0.05                             | 478,478                                 | 0.40                             |
|         |                                                                                      | 11/04/2014                                                                           | 59,171                                    | 0.05                             | 537,649                                 | 0.45                             |
|         |                                                                                      | 18/04/2014                                                                           | 54,966                                    | 0.05                             | 592,615                                 | 0.50                             |
|         |                                                                                      | 25/04/2014                                                                           | -130,728                                  | -0.11                            | 461,887                                 | 0.39                             |
|         |                                                                                      | 2/05/2014                                                                            | 5,897                                     | 0.00                             | 467,784                                 | 0.39                             |
|         |                                                                                      | 9/05/2014                                                                            | -19,470                                   | -0.02                            | 448,314                                 | 0.38                             |
|         |                                                                                      | 16/05/2014                                                                           | 13,316                                    | 0.01                             | 461,630                                 | 0.39                             |
|         |                                                                                      | 23/05/2014                                                                           | 241,092                                   | 0.20                             | 702,722                                 | 0.59                             |
|         |                                                                                      | 30/05/2014                                                                           | 332,223                                   | 0.28                             | 1,034,945                               | 0.87                             |
|         |                                                                                      | 6/06/2014                                                                            | -45,926                                   | -0.04                            | 989,019                                 | 0.83                             |
|         |                                                                                      | 13/06/2014                                                                           | -385,025                                  | -0.32                            | 603,994                                 | 0.51                             |
|         |                                                                                      | 20/06/2014                                                                           | -132,396                                  | -0.11                            | 471,598                                 | 0.40                             |
|         |                                                                                      | 30/06/2014                                                                           | -199,959                                  | -0.17                            | 271,639                                 | 0.23                             |
|         |                                                                                      | 4/07/2014                                                                            | -154,788                                  | -0.13                            | 116,851                                 | 0.10                             |
|         |                                                                                      | 11/07/2014                                                                           | 70,112                                    | 0.06                             | 186,963                                 | 0.16                             |
|         |                                                                                      | 18/07/2014                                                                           | -44,252                                   | -0.04                            | 142,711                                 | 0.12                             |
|         |                                                                                      | 25/07/2014                                                                           | 7,595                                     | 0.01                             | 150,306                                 | 0.13                             |
|         |                                                                                      | 1/08/2014                                                                            | -15,864                                   | -0.01                            | 134,442                                 | 0.11                             |
|         |                                                                                      | 8/08/2014                                                                            | -5,983                                    | -0.01                            | 128,459                                 | 0.11                             |
|         |                                                                                      | 14/08/2014                                                                           | 111,342                                   | 0.09                             | 239,801                                 | 0.20                             |
|         |                                                                                      | 22/08/2014                                                                           | 214,521                                   | 0.18                             | 454,322                                 | 0.38                             |
|         |                                                                                      | 29/08/2014                                                                           | 52,306                                    | 0.04                             | 506,628                                 | 0.43                             |
|         |                                                                                      | 30/09/2014                                                                           | -12,658                                   | -0.01                            | 493,970                                 | 0.42                             |
|         |                                                                                      | 8/10/2014                                                                            | -42,521                                   | -0.04                            | 451,449                                 | 0.38                             |
|         |                                                                                      | 16/10/2014                                                                           | -204,723                                  | -0.17                            | 246,726                                 | 0.21                             |
|         |                                                                                      | 20/10/2014                                                                           | -246,726                                  | -0.21                            | -                                       | -                                |
|         |                                                                                      | 31/10/2014                                                                           | 151,993                                   | 0.13                             | 151,993                                 | 0.13                             |
|         |                                                                                      | 14/11/2014                                                                           | 1,404                                     | 0.00                             | 153,397                                 | 0.13                             |
|         |                                                                                      | 21/11/2014                                                                           | -424                                      | 0.00                             | 152,973                                 | 0.13                             |
|         |                                                                                      | 5/12/2014                                                                            | -212                                      | 0.00                             | 152,761                                 | 0.13                             |
|         |                                                                                      | 16/01/2015                                                                           | 5,919                                     | 0.00                             | 158,680                                 | 0.13                             |
|         |                                                                                      | 30/01/2015                                                                           | -110,000                                  | -0.09                            | 48,680                                  | 0.04                             |
|         |                                                                                      | 13/02/2015                                                                           | 109,232                                   | 0.09                             | 157,912                                 | 0.13                             |
|         |                                                                                      | 13/03/2015                                                                           | 2,484                                     | 0.00                             | 160,396                                 | 0.14                             |
|         |                                                                                      | At the end of the year (or on the date of separation, if separated during the year)  |                                           |                                  | 160,396                                 | 0.14                             |

v) **Shareholding of Directors and Key Managerial Personnel:**

None of the Directors and Key Managerial Personnel have held shares in the Company during the year 2014 -15.

## V. INDEBTEDNESS

(₹ in lakhs)

|                                                            | Secured Loans<br>excluding Deposits | Unsecured<br>Loans | Deposits | Total Indebtedness |
|------------------------------------------------------------|-------------------------------------|--------------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                     |                    |          |                    |
| i) Principal Amount                                        | 143,429.40                          | 8,737.87           | -        | 152,167.27         |
| ii) Interest due but not paid                              | -                                   | -                  | -        | -                  |
| iii) Interest accrued but not due                          | 200.41                              | 115.03             | -        | 315.43             |
| <b>Total (i+ii+iii)</b>                                    | <b>143,629.80</b>                   | <b>8,852.90</b>    | <b>-</b> | <b>152,482.70</b>  |
| <b>Change in Indebtedness during the financial year</b>    |                                     |                    |          |                    |
| • Addition                                                 | 8,149.24                            | 295.41             | -        | 8,444.65           |
| • Reduction                                                | 50,639.14                           | 115.03             | -        | 50,754.17          |
| <b>Net Change</b>                                          | <b>(42,489.90)</b>                  | <b>180.38</b>      | <b>-</b> | <b>(42,309.52)</b> |
| <b>Indebtedness at the end of the financial year</b>       |                                     |                    |          |                    |
| i) Principal Amount                                        | 100,892.71                          | 8,737.87           | -        | 109,630.58         |
| ii) Interest due but not paid                              | -                                   | -                  | -        | -                  |
| iii) Interest accrued but not due                          | 247.19                              | 295.41             | -        | 542.60             |
| <b>Total (i+ii+iii)</b>                                    | <b>101,139.90</b>                   | <b>9,033.28</b>    | <b>-</b> | <b>110,173.18</b>  |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in lakhs)

| Sl. No. | Particulars of Remuneration                                                         | Name of MD/WTD/ Manager |                 | Total Amount |
|---------|-------------------------------------------------------------------------------------|-------------------------|-----------------|--------------|
|         |                                                                                     | Deepak Anand            | K Prabhakar Rao |              |
| 1       | Gross salary                                                                        |                         |                 |              |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 0.00*                   | 58.08           | 58.08        |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | Nil                     | 7.01            | 7.01         |
|         | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             | Nil                     | Nil             | Nil          |
| 2       | Stock Option                                                                        | Nil                     | Nil             | Nil          |
| 3       | Sweat Equity                                                                        | Nil                     | Nil             | Nil          |
| 4       | Commission<br>- as % of profit<br>- others, specify.                                | Nil                     | Nil             | Nil          |
| 5       | Others (Retirement benefits)                                                        | Nil                     | 4.49            | 4.49         |
|         | Total (A)                                                                           | 0.00                    | 69.59           | 69.59        |
|         | Ceiling as per the Act                                                              | 191.20                  | 191.20          | 382.4        |

\* Mr. Deepak Anand, Managing Director, received a nominal remuneration of ₹ 1/- per month.

### B. Remuneration to other Directors:

(₹ in lakhs)

| Sl. no. | Particulars of Remuneration                                                                                               | Name of the Director |                           |                |                |                |                   | Total Amount   |
|---------|---------------------------------------------------------------------------------------------------------------------------|----------------------|---------------------------|----------------|----------------|----------------|-------------------|----------------|
|         |                                                                                                                           | Pratap Narayan       | Srinivasulu Reddy Magunta | S R Gupte      | Ritu Mallya    | Vijay Mallya** | N Sunder Rajan ** |                |
| 1       | Independent Directors<br>o Fee for attending board committee meetings<br>o Commission<br>o Others, please specify         | 1.90<br>-<br>-       | 1.30<br>-<br>-            | -<br>-<br>-    | -<br>-<br>-    | -<br>-<br>-    | -<br>-<br>-       | 3.20<br>-<br>- |
|         | Total (1)                                                                                                                 | 1.90                 | 1.30                      | -              | -              | -              | -                 | 3.20           |
| 2       | Other Non-Executive Directors<br>o Fee for attending board committee meetings<br>o Commission<br>o Others, please specify | -<br>-<br>-          | -<br>-<br>-               | 1.60<br>-<br>- | 0.20<br>-<br>- | 0.60<br>-<br>- | -<br>-<br>-       | 2.40<br>-<br>- |
| 3       | Total (2)                                                                                                                 | -                    | -                         | 1.60           | 0.20           | 0.60           | -                 | 2.40           |
| 4       | Total (B)=(1+2)                                                                                                           | 1.90                 | 1.30                      | 1.60           | 0.20           | 0.60           | -                 | 5.60           |
| 5       | Total Managerial Remuneration                                                                                             |                      |                           |                | 69.59          |                |                   |                |
| 6       | Overall Ceiling as per the Act                                                                                            |                      |                           |                | 420.64         |                |                   |                |

\*\* Dr. Vijay Mallya resigned from the Board of Directors of the Company with effect from 30.11.2014 due to his other pre-occupations. Mr. N Sunder Rajan ceased to be Director of the Company w.e.f. 17.7.2014 on his unfortunate demise.



C. Remuneration to Key Managerial Personnel other than MD/ Manager / WTD

(₹ in lakhs)

| Sl. No. | Particulars of Remuneration                                                         | Name of the Key Managerial Personnel |                                    | Total Amount |
|---------|-------------------------------------------------------------------------------------|--------------------------------------|------------------------------------|--------------|
|         |                                                                                     | T. M. Muralidharan (CFO)             | K Raghuvveeran (Company Secretary) |              |
| 1       | Gross salary                                                                        |                                      |                                    |              |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 30.27                                | 56.19                              | 86.46        |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 6.27                                 | 4.85                               | 11.12        |
|         | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             | Nil                                  | Nil                                | Nil          |
| 2       | Stock Option                                                                        | Nil                                  | Nil                                | Nil          |
| 3       | Sweat Equity                                                                        | Nil                                  | Nil                                | Nil          |
| 4       | Commission                                                                          | Nil                                  | Nil                                | Nil          |
|         | - as % of profit                                                                    |                                      |                                    |              |
|         | - others, specify.                                                                  |                                      |                                    |              |
| 5       | Others (Retirement benefits)                                                        | 2.36                                 | Nil                                | 2.36         |
|         | Total                                                                               | 38.90                                | 61.04                              | 99.94        |

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties/punishment/compounding of offences for breach of any section of the Companies Act, against the Company or its Directors or other officers in default, if any, during the year.



## **Nomination & Remuneration Policy**

### **PREAMBLE**

This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management ("Nomination and Remuneration Policy") has been formulated by the Nomination and Remuneration Committee, in pursuance of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement and approved by the Board of Directors.

### **DEFINITIONS**

**"Board"** means Board of Directors of the Company

**"Company"** means Mangalore Chemicals & Fertilizers Limited

**"Directors"** mean Directors of the Company

**"Key Managerial Personnel"** means

- Chief Executive Officer or the Managing Director or the Manager;
- Whole-time director;
- Chief Financial Officer;
- Company Secretary; and
- Such other officer as may be prescribed.

**"Nomination and Remuneration Committee"** means Committee of Board of Directors of the Company constituted as per the provisions of Section 178 of the Companies Act, 2013 and the rules made thereunder.

**"Senior Management"** means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the Executive Directors, including the functional heads.

### **NOMINATION AND REMUNERATION COMMITTEE**

The Board of Directors shall constitute a Nomination and Remuneration Committee in accordance with the requirements of Section 178 of the Companies Act, 2013, the Companies (Meeting of Board and its Powers) Rules, 2014 and Clause 49 of the Listing Agreement

### **ROLE OF NOMINATION AND REMUNERATION COMMITTEE**

The role of the committee shall, inter-alia, include the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and Senior Management;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Formulation of process for grant, allot, issue, administer, cancel and forfeit employees' stock options under any ESOP schemes of the Company and to exercise such powers as conferred by the Board of Directors from time to time;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy, and recommend to the Board their appointment and removal.

### **GUIDELINES ON NOMINATION AND REMUNERATION**

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Key Managerial Personnel or at Senior Management level and recommend to the Board his / her appointment.
- The Company should ensure that the person so appointed as Director/ Independent Director/ Key Managerial Personnel/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder,

Listing Agreement or any other enactment for the time being in force.

- The Director/ Independent Director/ Key Managerial Personnel/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force.
- The Board of Directors shall decide the term or the tenure of individual Directors and Key Managerial Personnel, which shall be subject to the provisions of the Companies Act, 2013 and the applicable Rules made there under and the Listing Agreement.
- The Committee shall carry out evaluation of performance of every Director and Key Managerial Personnel.
- The sitting fees of the Independent Directors shall be determined by the Board and shall be within the limits prescribed under the provisions of the Companies Act, 2013 and the rules made thereunder.
- The remuneration and commission to be paid to the Whole-time Director/s shall be in accordance with the percentage/ slabs/conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013.
- The Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, Key Managerial Personnel or Senior Management Personnel, if any Director, Key Managerial Personnel or Senior Management Personnel suffers any disqualification under the Companies Act, 2013, or under any other applicable Acts and rules thereunder.
- The Director, Key Managerial Personnel and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, Key Managerial Personnel, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.
- The Board of Directors shall have the optimum combination of Directors from different areas to have diversified Board composition.
- A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

### **AMENDMENTS TO THE POLICY**

The Board of Directors, on its own and/or as per the recommendations of the Nomination and Remuneration Committee can amend this Policy as and when deemed fit. Any or all provisions of this Policy would be subject to revision/amendment in accordance with the rules, regulations, notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, which make the provisions laid down under this Policy inconsistent with such amendment(s), clarification(s), circular(s) etc. then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

### **GOVERNING LAW**

This Policy shall be governed by the Companies Act, 2013 read with the rules made thereunder, as may be in force for the time being as well as Clause 49 of the Listing Agreement or such other rules/ regulations, as may be notified by SEBI from time to time.

## Annexure 3

### Annual Report on CSR Activities

- A brief outline of the Company's CSR Policy and overview of projects to be undertaken

Corporate Social Responsibility Policy ("CSR Policy") of Mangalore Chemicals & Fertilizers Limited (MCFL) encompasses the Company's philosophy to discharge its Social Responsibility in the up-liftment/development of the communities in its operating territory and mechanism for undertaking CSR activities/projects/programs with reference to provisions and Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The CSR Policy of the Company provides for following areas of focus and activities.

| Focus Area               | Activities                                                                                                                                |
|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| Health Care              | <ul style="list-style-type: none"> <li>Project Eye Care</li> <li>Human Health Camps</li> <li>Animal Health Camps</li> </ul>               |
| Education                | <ul style="list-style-type: none"> <li>Mangala Akshara Mitra</li> <li>Helping school for special children</li> </ul>                      |
| Sports, Arts and Culture | <ul style="list-style-type: none"> <li>Raitha Dasara – Rural sports</li> <li>Identify and promote nationally recognized sports</li> </ul> |
| Community Development    | <ul style="list-style-type: none"> <li>Assistance to tribal community</li> </ul>                                                          |

The CSR Policy is available on the website of the Company [www.mangalorechemicals.com](http://www.mangalorechemicals.com)

- The Composition of the CSR Committee

Mr. S R Gupte, Chairman  
Mr. Srinivasulu Reddy Magunta  
Mr. Pratap Narayan  
Mr. Deepak Anand

- Average net profit of the Company for last three financial years: ₹ 8,841.96 lakhs
- Prescribed CSR Expenditure (2% of the amount as in item 3 above): ₹ 176.84 lakhs
- Details of CSR spent during the financial year.
  - Total amount spent for the financial year 2014-15: ₹ 145.77 lakhs
  - Amount unspent: ₹ 31.07 lakhs
  - Manner in which the amount spent during the financial year is detailed below.

| 1            | 2                                  | 3                                                                       | 4                                                                                                                               | 5                             | 6                                            | 7                                      | 8                                                   |
|--------------|------------------------------------|-------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------------------------------------------|----------------------------------------|-----------------------------------------------------|
| Sl. No.      | CSR project or activity identified | Sector in which the project is covered                                  | Projects or programs<br>(1) Local area or other<br>(2) Specify the State and district where projects or Programs was undertaken | Amount outlay<br>(₹ In lakhs) | Amount spent on the projects<br>(₹ In lakhs) | Cumulative expenditure<br>(₹ In lakhs) | Amount spent: Direct or through implementing agency |
| 1            | Mangala Akshara Mitra              | Promotion of Education                                                  | Local Area                                                                                                                      | 67.96                         | 66.57                                        | 66.57                                  | Direct                                              |
| 2            | Swacha Vidyalyaya                  | Sanitation & Drinking water                                             | Local Area                                                                                                                      | 75.10                         | 57.61                                        | 57.61                                  | Direct                                              |
| 3            | Eye Care                           | Health Care                                                             | Local Area                                                                                                                      | 4.96                          | 3.63                                         | 3.63                                   | Direct                                              |
| 4            | Sponsorship & Donations            | Promotion of Art & Culture, Education, Sports and upliftment of society | Local Area                                                                                                                      | 28.82                         | 17.96                                        | 17.96                                  | Direct                                              |
| <b>TOTAL</b> |                                    |                                                                         |                                                                                                                                 | <b>176.84</b>                 | <b>145.77</b>                                | <b>145.77</b>                          |                                                     |

- This being the first year of introduction of CSR and to ensure that the CSR amount is judiciously spent in line with its CSR Policy, the Company was in the process of identifying additional areas/sectors to focus and hence the Company was not able to spend the entire amount during 2014-15. The Company shall strive to spend the prescribed CSR expenditure in the coming years.
- The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

**S. R. Gupte**  
Chairman, CSR Committee

**Deepak Anand**  
Managing Director

## Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015

[Pursuant to section 204 (1) of the Companies Act, 2013 and rule No.9  
of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,  
Mangalore Chemicals and Fertilizers Limited,  
Level II, UB Tower, UB City,  
24, Vittal Mallya Road,  
Bangalore- I

CIN: L24123KA1966PLC002036

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mangalore Chemicals and Fertilizers Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion there on.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contract (Regulation) Act, 1956 (SCRA) and the Rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

We report that the Company has not issued any securities during the year under review hence the compliance of provisions under the above mentioned regulation is not applicable.

- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

We report that the Company has not issued any securities under ESOP/ESPS during the year under review hence the compliance of provisions under the above mentioned regulation is not applicable.

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

We report that the Company has not issued any securities including debt securities during the year under review hence the compliance of provisions under the above mentioned regulation is not applicable.

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

The Company has not applied for delisting of Equity Shares in any stock exchanges and hence Compliance of provisions as mention above does arise.

- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

The Company has not brought back any securities during the year under review and compliance provisions as mentioned under the said act are not applicable.

- (vi) I further report that based guidelines issued ICSI on the applicability of industry specific law as applicable to the Company and on the information received and records maintained, the Company has, in my opinion, complied with the provisions of industry specific law which are applicable to it:-

- a) The Environmental Protection Act, 1986.
- b) The Water (Prevention and control of Pollution) Act, 1974.
- c) The Air (Prevention and control of Pollution) Act, 1981.
- d) The Hazardous Waste (Management and Handling) Rules, 1989.
- e) The Factories Act, 1948.



I have not examined compliance with the applicable clauses of:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India as it was not notified by the Central Government;

I have examined compliance with the applicable clauses of:

- (ii) The listing Agreements entered into by the Company with BSE and NSE Stock Exchanges as applicable to the Company.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above:

I further report that:

The Board of Directors of the Company is constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried through and minutes of meetings are self explanatory with respect to recording dissenting member's views, if any.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc

Place : BANGALORE  
Date : May 20, 2015

**S. KEDARNATH**  
Company Secretary  
C P No 4422

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

## **'Annexure A'**

### **The Members,**

Mangalore Chemicals and Fertilizers Limited,  
Level II, UB Tower, UB City,  
24, Vittal Mallya Road,  
Bangalore-1

CIN: L24123KA1966PLC002036

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company including records under Income Tax Act, Central Excise Act, Customs Act, Central and State Sales Tax Act.
4. Whereever required, the Company has represented about the compliance of laws, rules and regulations and happening of events etc as applicable from time to time.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place : BANGALORE  
Date : May 20, 2015

**S. KEDARNATH**  
Company Secretary  
C P No 4422

## Annexure 5

### Conservation of energy, research and development, technology absorption, foreign exchange earnings and outgo

#### CONSERVATION OF ENERGY

##### A. Power and Fuel Consumption

| Sl. No. | Description                                     | Unit           | Current Year 2014-15 | Previous Year 2013-14 |
|---------|-------------------------------------------------|----------------|----------------------|-----------------------|
| 1.      | <b>Electricity</b>                              |                |                      |                       |
|         | <b>A. Purchased Units</b>                       | Lakh kwh       | 134.90               | 125.70                |
|         | Total Amount (Including minimum demand charges) | ₹ Lakh         | 970.42               | 879.01                |
|         | Minimum Demand Charges                          | ₹ Lakh         | 114.54               | 108.33                |
|         | Unit Rate: (Excluding minimum demand charges)   | ₹/kwh          | 6.34                 | 6.13                  |
|         | <b>B. Own Generation</b>                        |                |                      |                       |
|         | Through Generator (Diesel)                      |                |                      |                       |
|         | Units                                           | Lakh kwh (Net) | 1613.50              | 2499.30               |
|         | Units per litre of furnace oil/HSD              | kwh/L          | 4.17                 | 4.07                  |
|         | Unit Cost                                       | ₹/kwh          | 12.06                | 14.90                 |
| 2.      | <b>Furnace Oil</b>                              | kl             | 38688.68             | 49,661.49             |
|         | Total Amount                                    | ₹ Lakh         | 16,519.45            | 27,072.79             |
|         | Average Rate                                    | ₹/kl           | 42,698.42            | 54,514.65             |
| 3.      | <b>High Speed Diesel</b>                        | kl             | -                    | 11,713.34             |
|         | Total Amount                                    | ₹ Lakh         | -                    | 7,106.15              |
|         | Average Rate                                    | ₹/kl           | -                    | 60,667.11             |

##### B. Consumption per unit of Production

| Description                         | Unit | Current Year 2014-15 | Previous Year 2013-14 |
|-------------------------------------|------|----------------------|-----------------------|
| Products (with details)             |      |                      |                       |
| Electricity (per metric ton) - Urea | kwh  | 684                  | 658                   |
| - DAP                               | kwh  | 52                   | 56                    |
| - 20:20:00:13                       | kwh  | 46                   | 54                    |
| Furnace Oil (per metric ton) - Urea | kl   | 0.047                | 0.043                 |
| - DAP                               | kl   | 0.004                | 0.004                 |
| - 20:20:00:13                       | kl   | 0.006                | 0.007                 |

#### RESEARCH AND DEVELOPMENT (R&D) & TECHNOLOGY ABSORPTION

##### A. Research and Development

- Specific areas in which R&D were carried out by the Company :
  - Indigenization of following imported equipment and spare parts:
    - Discharge relief valve of low pressure seal oil pump of refrigeration compressor
    - Rotor of process air compressor's second casing
    - Urea prill tower fan Rotor
  - Following new products were formulated and developed in SNF plant
    - ChemCFNL SNF Liquid- SF 33, which is produced and sold in the market.
    - ChemCFNP SF 44 & 45 were developed and produced in the SNF plant were approved by vendors.
- Benefits derived as a result of the above R&D :
  - Indigenization of equipment & spare parts and saving of foreign exchange
  - Increased product portfolio in construction chemicals market.
- Future plan of action : Indigenization of imported equipment and development of new products.
- Expenditure on R&D : No separate account is maintained.

##### B. Technology absorption, adaptation and innovation

- Efforts, in brief, made towards technology absorption, adaptation and innovation :
  - Installation of hydraulic power recovery turbine to drive lean benfield solution pump by power recovered from high pressure solution.
  - Installation of economizer and boiler feed water heater in auxiliary boiler.
  - Installation of burner management system for ammonia converter start-up heater.
  - Installation of flare system for handling ammonia vapors from imported ammonia terminal during emergency.
  - Installation of new convection box and heater coils for the process air heater in ammonia plant.
  - Replacement of refractory bricks with ceramic modules in two fired heaters.
- Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution :
  - Saving of 300 kwh of energy per hour.
  - Improvement of efficiency of boiler and conservation of non-renewable energy source.
  - Safe lighting up of the furnace.
  - Ammonia emission to the atmosphere during emergency will be avoided.
  - Improved efficiency of the fired heater.
  - Prevent heat loss and save energy.
- In case of imported technology following information may be furnished. : Not applicable

##### C. Foreign Exchange earnings & outgo 2014-15

Foreign Exchange used : ₹ 623.97 Crores  
Foreign Exchange earned : ₹ 0.89 Crores

## Annexure 6

### REPORT ON CORPORATE GOVERNANCE

#### COMPANY'S PHILOSOPHY

The philosophy of the Company on Corporate Governance is aimed at safeguarding and adding value to various stakeholders and envisages attainment of the highest levels of transparency and accountability in all areas of its operations and interactions with its stakeholders.

#### BOARD OF DIRECTORS

The Board of Directors with an optimum combination of executive, non-executive and independent directors meets at regular intervals.

#### Composition of the Board of Directors and their directorships

| Sl. No. | Name of the Director       | Category                 | Attendance     |                               | Membership in Boards of Companies as on 31.3.2015                               |                |        |
|---------|----------------------------|--------------------------|----------------|-------------------------------|---------------------------------------------------------------------------------|----------------|--------|
|         |                            |                          | Board Meetings | At the last AGM on 04.09.2014 | As Director @                                                                   | As Committee # |        |
|         |                            |                          |                |                               |                                                                                 | Chairman       | Member |
| 1       | Dr. Vijay Mallya           | Chairman (Non-Executive) | 3              | Yes                           | Ceased to be Director of the Company w.e.f 30.11.2014 on his resignation        |                |        |
| 2       | S R Gupte                  | Non-Executive            | 5              | Yes                           | 3                                                                               | 2              | 1      |
| 3       | Ritu Mallya*               | Non-Executive            | 1              | NA                            | 1                                                                               | Nil            | Nil    |
| 4       | Deepak Anand               | Managing Director        | 5              | Yes                           | 2                                                                               | Nil            | 1      |
| 5       | Pratap Narayan             | Independent              | 5              | Yes                           | 1                                                                               | 2              | Nil    |
| 6       | Srinivasulu Reddy Magunta* | Independent              | 4              | Yes                           | 5                                                                               | 2              | 2      |
| 7       | K Prabhakar Rao            | Whole-time Director      | 5              | Yes                           | 1                                                                               | Nil            | Nil    |
| 8       | N Sundar Rajan             | Independent              | Nil            | NA                            | Ceased to be Director of the Company w.e.f 17.07.2014 on his unfortunate demise |                |        |

@ Excludes Directorships held in private limited companies, foreign companies, membership of management committees of various chambers/bodies/ Section 8 companies.

# Includes only Audit Committee and Stakeholders' Relationship Committee.

\* Mrs. Ritu Mallya and Mr. Srinivasulu Reddy Magunta were appointed on the Board with effect from 4.12.2014 and 7.8.2014 respectively.

Five meetings of the Board were held on May 15, 2014, August 07, 2014, September 04, 2014, November 14, 2014 and February 12, 2015.

The Company did not have any pecuniary relationship or transaction with any non-executive director during the year 2014-15.

#### AUDIT COMMITTEE

The terms of reference of the Audit Committee are as per the guidelines set out in the listing agreement with the stock exchanges, read with Section 177 of the Companies Act, 2013 and includes such other functions as may be assigned to it by the Board from time to time.

The Committee comprises of

1. Mr. Pratap Narayan, Chairman
2. Mr. S R Gupte
3. Mr. Srinivasulu Reddy Magunta

During the year three meetings of the Audit Committee were held on August 07, 2014, November 14, 2014 and February 12, 2015 and the attendance of the Directors' is as follows.

| Name of the Director      | No. of Meetings Attended |
|---------------------------|--------------------------|
| Pratap Narayan            | 3                        |
| S R Gupte                 | 3                        |
| Srinivasulu Reddy Magunta | 3                        |

## **NOMINATION AND REMUNERATION COMMITTEE**

The terms of reference of the Nomination and Remuneration Committee are as per the guidelines set out in the listing agreement with the stock exchanges, read with Section 178 of the Companies Act, 2013 and includes such other functions as may be assigned to it by the Board from time to time.

The Committee comprises of

1. Mr. Pratap Narayan, Chairman
2. Mr. S R Gupte
3. Mr. Srinivasulu Reddy Magunta

## **STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The terms of reference of the Stakeholders' Relationship Committee are as per the guidelines set out in the listing agreement with the stock exchanges, read with Section 178 of the Companies Act, 2013 and includes such other functions as may be assigned to it by the Board from time to time.

The Committee comprises of

1. Mr. Pratap Narayan, Chairman
2. Mr. Srinivasulu Reddy Magunta
3. Mr. Deepak Anand

During the year 2 meetings of Stakeholders' Relationship Committee were held and all the members of the committee were present at the meetings.

## **Remuneration to Directors**

As per the terms of his appointment, Mr. Deepak Anand, Managing Director, received a nominal remuneration of ₹ 1/- per month. The remuneration paid to Mr. K. Prabhakar Rao for the financial year 2014-15 is ₹ 69.59 lakhs. None of the Directors hold equity shares of the Company.

## **COMPLIANCE OFFICER**

Mr. K. Raghuvveeran, Senior Vice President & Company Secretary.

## **INVESTOR GRIEVANCES**

During the year, the Company received 37 investor grievances which were redressed.

## **CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING**

The Company has adopted a Code of Conduct for Prevention of Insider Trading in the shares of the Company, pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. The Board has designated the Company Secretary, as the compliance officer and authorized the Managing Director to monitor the compliance of the aforesaid regulations.

## **CODE OF BUSINESS CONDUCT AND ETHICS**

The Company has in place, a Code of Business Conduct and Ethics for its board members and the senior management, which has been posted on the Company's Website. The board and the senior management affirm compliance with the code, annually.

## **MANAGEMENT COMMITTEE**

Since 1996-97, a Management Committee (MC) has been functioning regularly with the Managing Director as its Chairman and the Director-Works and all the Vice Presidents as its members. All aspects of the Company, including plant operations, marketing, financial performance, human resources development and industrial relations are discussed at length by the MC and decisions taken as considered appropriate in the interest of the Company.



## GENERAL MEETINGS

The details of location, time and special resolutions passed at the previous three at Annual General Meetings (AGM) given below:

| Date               | Time    | Venue                                                                                                                                                  | Special Resolutions Passed                                                                        |
|--------------------|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| September 04, 2014 | 3.15 pm | Good Shepherd Auditorium<br>Opposite St. Joseph's Pre-University College,<br>Field Marshal K.M Cariappa Road, (Residency Road),<br>Bangalore – 560 025 | Approval of borrowing powers as<br>required under Section 180(1)(c) of the<br>Companies Act, 2013 |
| September 24, 2013 | 2.45 pm | Good Shepherd Auditorium<br>Opposite St. Joseph's Pre-University College, Field Marshal<br>K.M Cariappa Road, (Residency Road),<br>Bangalore – 560 025 | None                                                                                              |
| September 25, 2012 | 4.45 pm | Good Shepherd Auditorium<br>Opposite St. Joseph's Pre-University College, Field Marshal<br>K.M Cariappa Road, (Residency Road),<br>Bangalore – 560 025 | None                                                                                              |

### Special Resolutions passed through Postal Ballot

The Company has passed one special resolution authorizing the Board of Directors to mortgage and/or to create charge on the immovable and/or moveable assets within the limits as approved under Section 180(1)(c) of the Companies Act, 2013, through Postal Ballot during the year ended March 31, 2015;

### Voting pattern

|           | No. of Votes | % of the total valid votes |
|-----------|--------------|----------------------------|
| In favour | 45710614     | 99.81%                     |
| Against   | 34357        | 0.07%                      |
| Abstain   | 54470        | 0.12%                      |

The Company had appointed Mr. K S Sudhindra, Company Secretary in Practice with Membership No. 22599, to act as the Scrutinizer, for conducting aforesaid Postal Ballot and e-voting process, in a fair and transparent manner.

### Procedure for postal ballot

The detailed procedure for conduct of postal ballot, is prescribed under Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 as amended.

None of the items to be transacted at the ensuing Annual General Meeting is required to be passed by Postal Ballot.

## DISCLOSURES

### i. Disclosures on materially significant related party transactions

No transaction of material nature has been entered into by the Company with its promoters, directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company. However, please refer to the relevant Notes to the financial statements on related party transactions.

The Board of Directors of the Company, based on the recommendation of the Audit Committee, has approved the Related Party Transactions Policy and the same is placed on website of the Company, which can be accessed at <http://www.mangalorechemicals.com/investor-party-transactions>

ii. Details of non-compliance by the company, penalties, strictures

The Company has complied with all the statutory requirements comprised in the listing agreements / regulations / guidelines / rules of the stock exchanges / SEBI / other statutory authorities except for the following:

Due to vacancy caused by death of an Independent Director and by resignation of an Independent Director in February 2013 and June 2013 respectively, the Company is not in compliance of Clause 49(II)(A)(ii) of the Listing Agreement. BSE and NSE had sought clarification on this non-compliance. The Company has replied outlining the action taken/proposed to be taken to ensure compliance with the relevant clauses of the Listing Agreement.

No penalty / strictures were imposed on the Company by stock exchange(s) or SEBI or any statutory authority, on any matter related to capital markets during the last three years.

iii. The Company has a Whistle Blower policy closely monitored by the management. No personnel has been denied access to the audit committee.

iv. The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement.

## MEANS OF COMMUNICATION

The financial results are normally published in Business Line, an English daily as well as Sanjevani, a vernacular daily. The results are also posted on the Company's web site: [www.mangalorechemicals.com](http://www.mangalorechemicals.com).

## GENERAL SHAREHOLDER INFORMATION

### Annual General Meeting

The Forty Eighth Annual General Meeting of the Company will be held on September 29, 2015 at 10.30 AM at Conference Hall, 1st Floor, UB Tower, UB City, No. 24, Vittal Mallya Road, Bangalore – 560 001.

### Financial Calendar

Financial Year – April 1 to March 31

Financial reporting during the year 2015-2016

| Quarter ending | Declaration of un-audited/audited financial results |
|----------------|-----------------------------------------------------|
| 30.06.2015     | within 45 days of the end of the quarter            |
| 30.09.2015     | within 45 days of the end of the quarter            |
| 31.12.2015     | within 45 days of the end of the quarter            |
| 31.03.2016     | within 60 days of the end of the quarter            |

**Book closure dates** : September 19, 2015 to September 29, 2015(both days inclusive)

**Dividend payment date** : Within 30 days from the date of approval of shareholders

### Listing on the Stock Exchanges

The Company's shares are presently listed on the following Stock Exchanges:

|                                     |                                          |
|-------------------------------------|------------------------------------------|
| BSE Limited (Bombay Stock Exchange) | National Stock Exchange of India Limited |
| Phiroze Jeejeebhoy Towers           | Exchange Plaza, Bandra Kurla Complex     |
| Dalal Street, MUMBAI – 400 023      | Bandra (E), MUMBAI – 400 051             |

SEBI vide its order dated December 26, 2014 has allowed the exit of Bangalore Stock Exchange (BgSE) and it is no longer recognized as Stock Exchange under the relevant provisions of SEBI Act, 1992 and SCRA, 1956 and hence, BgSE has ceased to undertake any Stock Exchange related activities post December 26, 2014. Accordingly, the Company is no longer listed on BgSE.

The Company has paid the annual listing fees to the stock exchanges and the custodial fees to NSDL and CDSL for the financial year 2014-15.

## STOCK CODE

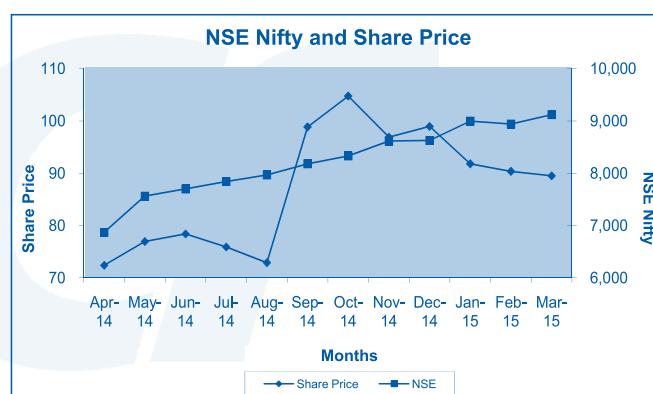
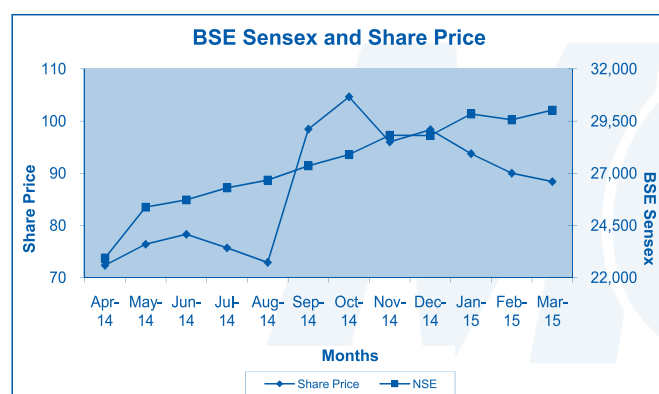
|                               |              |
|-------------------------------|--------------|
| BSE (Bombay Stock Exchange) : | 530011       |
| National Stock Exchange :     | MANGCHEFER   |
| ISIN :                        | INE558B01017 |

## MARKET PRICE DATA

The monthly high and low quotations at the BSE (Bombay Stock Exchange) and National Stock Exchange (NSE) during the year are given below:

| Month & Year  | BSE      |         | NSE      |         |
|---------------|----------|---------|----------|---------|
|               | High (₹) | Low (₹) | High (₹) | Low (₹) |
| April, 2014   | 72.35    | 57.35   | 72.40    | 57.10   |
| May           | 76.40    | 69.05   | 76.95    | 69.00   |
| June          | 78.30    | 70.80   | 78.40    | 71.00   |
| July          | 75.70    | 69.70   | 75.90    | 70.00   |
| August        | 72.90    | 67.15   | 72.90    | 67.55   |
| September     | 98.45    | 67.25   | 98.85    | 67.80   |
| October       | 104.65   | 83.25   | 104.75   | 83.30   |
| November      | 96.00    | 77.10   | 96.90    | 77.00   |
| December      | 98.35    | 83.10   | 98.95    | 83.00   |
| January, 2015 | 93.75    | 88.05   | 91.80    | 88.05   |
| February      | 90.00    | 86.45   | 90.35    | 86.20   |
| March         | 88.40    | 84.00   | 89.50    | 84.05   |

Source : [www.bseindia.com](http://www.bseindia.com) & [www.nseindia.com](http://www.nseindia.com)



Note: Highest traded price of the month is considered for the graph.

## Registrars and Share Transfer Agents

M/s. Cameo Corporate Services Limited, 'Subramanian Building', I, Club House Road, Chennai – 600 002, have been engaged to provide both share transfer as well as dematerialisation services.

## Share Transfer System

The Share Transfer Committee approves the share transfer, transmission, transposition, consolidation, sub-division requests once in a week.

## Shareholding Pattern as on March 31, 2015

| Category                        | No. of Shareholders | No. of Equity Shares | % of shareholding |
|---------------------------------|---------------------|----------------------|-------------------|
| Promoters                       | 4                   | 45557107             | 38.44             |
| Banks, FIs, Insurance Companies | 318                 | 416769               | 0.35              |
| FII/FPIs                        | 2                   | 442000               | 0.37              |
| Private Corporate Bodies        | 623                 | 50244927             | 42.40             |
| Indian Public                   | 56317               | 21433395             | 18.09             |
| NRI/OCBs                        | 198                 | 229500               | 0.19              |
| Others                          | 596                 | 191452               | 0.16              |
| <b>Grand Total</b>              | <b>58058</b>        | <b>118515150</b>     | <b>100.00</b>     |

#### Distribution of shareholding as on March 31, 2015

|                | No. of Shareholders | No. of Equity Shares | %             |
|----------------|---------------------|----------------------|---------------|
| Upto 1000      | 33272               | 2374778              | 2.00          |
| 1001 - 5000    | 19198               | 5514104              | 4.65          |
| 5001 -10000    | 3199                | 2743018              | 2.31          |
| 10001 -20000   | 1149                | 1835863              | 1.55          |
| 20001 -30000   | 366                 | 969886               | 0.82          |
| 30001 -40000   | 143                 | 523987               | 0.44          |
| 40001 - 50000  | 159                 | 778825               | 0.66          |
| 50001 - 100000 | 308                 | 2442031              | 2.06          |
| 100001 & above | 264                 | 101332658            | 85.50         |
| <b>Total</b>   | <b>58058</b>        | <b>118515150</b>     | <b>100.00</b> |

#### Dematerialisation of shares and liquidity

The Company's equity shares having been mandated for settlement only in dematerialised form by all investors, the Company has signed tripartite agreements with the National Securities Depository Limited [NSDL], the Central Depository Services (India) Limited [CDSL] and Cameo Corporate Services Limited, to offer depository related services to its shareholders. As at March 31, 2015, 92.31 % of the equity share capital of the company has been dematerialised. Investors holding physical share certificates are advised to convert their holding to demat form in view of the various advantages associated with demat holding.

The Company has not issued GDRs/ADRs/Warrants and convertible Instruments.

**Plant locations:** Panambur, Mangalore – 575 010

#### Address for Correspondence

| Registered Office                                                                                                                                                                                                                     | Registrars and Transfer Agents                                                                                                                                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mangalore Chemicals and Fertilizers Limited<br>Level-II, UB Tower, UB City<br>24, Vittal Mallya Road<br>BANGALORE - 560 001<br>Phone : +91 080 - 3985 5500 / 6000<br>Fax: +91 080 - 3985 5588<br>Email: shares@mangalorechemicals.com | M/s. Cameo Corporate Services Limited,<br>Subramanian Building, I,<br>Club House Road,<br>CHENNAI – 600 002<br>Ph. No: 044-2846 0390<br>Fax No:044-2846 0129<br>Email: cameo@cameoindia.com |

In compliance with SEBI circular No.MRD/DoP/Dep/SE/Cir.22/06 dated 18.12.2006, the Company has designated the email id shares@mangalorechemicals.com for registering investor complaints.

### **Declaration regarding compliance with Company's Code of business conduct and ethics**

I, Deepak Anand, Managing Director of Mangalore Chemicals & Fertilizers Limited hereby declare that all board members and senior management team have affirmed compliance of the Code of Business Conduct and Ethics for the financial year ended March 31, 2015.

**Deepak Anand**  
Managing Director

May 20, 2015

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### **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

#### **To the Members of Mangalore Chemicals & Fertilizers Limited**

We have examined the compliance of conditions of Governance by Mangalore Chemicals & Fertilizers Limited ("the Company") for the year ended March 31, 2015 as stipulated in Clause 49 of the Listing Agreements of the said Company with various stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was in the manner described in the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India, and has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on our reliance upon the representations made by the Directors and the Management, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

The Share Transfer Agent of the Company has certified the number of complaints received from the Investors and the number of complaints resolved during the financial year and there are no complaints unresolved during the financial year and there are no complaints pending at the year end.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

#### **For K P RAO & COMPANY**

Chartered Accountants  
Firm Register Number: 003135S

#### **K Viswanath**

Partner  
Membership No.: 022812

Place: Mumbai

Date: 29th May, 2015

## **MANAGEMENT DISCUSSION & ANALYSIS**

### **Industry Structure and Developments**

The Company has only one major business segment, viz. Fertilizers. It manufactures both Nitrogenous and Phosphatic fertilizers and is the only manufacturer of fertilizers in the state of Karnataka. About 60% of the Company's products are sold in the state of Karnataka, which meets about 20% of the needs of the farmers in the State. The Company maintains a good share of the market in Kerala and a modest share in the neighbouring states of Tamil Nadu, Andhra Pradesh and Maharashtra.

### **Threats and Opportunities**

Stage III of New Pricing Scheme (NPS) for Urea announced in March 2007 stipulated that existing Naphtha/Furnace Oil/LSHS units should convert to gas by 31.3.2010. The deadline was extended until further orders in March 2010 in view of delay in formulation of NPS Stage – IV. In the meantime, the Company had signed a Gas Supply Agreement with Indian Oil Corporation Limited and a Gas Transmission Agreement with GAIL (India) Limited in February 2011. The LNG terminal at Kochi has been commissioned in September 2013. Laying of Gas pipeline from Kochi to Mangalore by GAIL (India) Limited made negligible progress.

Government of India (GOI) vide its notification No.12012/3/2010-FPP dated 2nd April 2014 has specified that production of high cost Naphtha based Urea units will continue under modified NPS-III till the gas availability and connectivity is provided to these units or June 2014 whichever is earlier, beyond which subsidy for Naphtha based plants will not be paid. The matter was taken up suitably with Government of Karnataka and Department of Fertilizers, GOI to extend this deadline till gas availability is ensured at Mangalore. The Cabinet Committee on Economic Affairs (CCEA), in its meeting held on August 27, 2014, approved the operation of these three naphtha based urea plants from July 01, 2014 to September 30, 2014.

Meanwhile, the Company had approached Hon'ble High Court of Delhi on September 29, 2014 with a prayer to direct the GOI to continue subsidy for Naphtha based plants until gas is made available to the Company. CCEA in its meeting held on December 10, 2014 allowed operation of Naphtha based urea plants for 100 days from the date of notification of its decision i.e January 07, 2015. Accordingly, the Urea plant which was shut from October 01, 2014 to January 06, 2015

resumed operations on January 7, 2015, which adversely affected operations and profitability. Lower PBT for the year 2014-15 is mainly due to lower production and sale of urea on account of shut down.

The Urea production is being continued after the expiry of said period of 100 days i.e April 16, 2015 based on the orders of the Hon'ble High Court of Delhi dated April 16, 2015 which ordered GOI to continue with the arrangement made as per Notification No. 12012/3/2010-FPP dated January 07, 2015, until GOI makes appropriate policy for subsidy to Naphtha based plants.

The Nutrient Based Subsidy Scheme (NBS) was introduced by the GOI with effect from April 1, 2010, enabling the Government to announce annual concession rates in advance. This facilitates the Company to plan import of higher quantities of Phosphatic and Potassic fertilizers. GOI had reduced the subsidy of Muriate of Potash (MOP) only for the year 2014-15 due to lower prices in international market and decided to continue the existing subsidy rates for Phosphatic and Potassic fertilizers under the Nutrient Based Subsidy (NBS) policy for the year 2015-16.

Unusual delay in subsidy payment by GOI contributed to working capital shortage, resulting in lower imports than market demand. Although the Company has the potential for increasing its sales, its capacity is limited by the availability of the working capital facility from its existing bankers.

### **Future Outlook**

The demand for both Nitrogenous & Phosphatic fertilizers in India is increasing steadily and expected to grow at a compounded annual rate of 3%. With the domestic production almost stagnant and the demand increasing, the supply deficit has to be met from imports. Based on normal rainfall for 2015-16, the Company has planned to import substantial quantity of fertilizers to meet the growing demand. In addition, the Company has also finalized supply arrangements with certain local manufacturers of fertilizers, to augment total fertilizer availability in our marketing territory through our own marketing channel.

Despite lower urea availability, considering the significant success achieved due to its focus on Plant Nutrition business and given the enormous potential for growth, the Company would continue to focus and grow in that area. Plant Protection Chemical business which was



started during 2010-11 has gathered momentum and has been growing rapidly. The growth momentum is expected to increase going forward.

## Financial and Operational Performance

### a) Production Performance

Production of 2,50,582 MTs of Urea, 1,69,835 MTs of Complex fertilizers [DAP/ NP] and 8,556 MTs of Ammonium Bi-Carbonate was achieved during the year.

### b) Operating Results

During 2014-15, the Company achieved a turnover of ₹ 2578.78 crores compared to ₹ 3310.26 crores in the previous year. Profit before tax at ₹ 18.29 crores is lower compared to profit before tax of ₹ 93.55 crores during the previous year, mainly due to shut down of urea plant from October 01, 2014 to January 06, 2015.

### c) Resource Utilization

The gross fixed assets and capital work-in-progress as at 31.3.2015 were ₹ 1009.11 crores as compared to ₹ 1007.60 crores in the previous year.

### d) Working Capital

Net working capital excluding cash and bank balances, as on 31.3.2015 was ₹ 49.37 crores. Book debts outstanding for more than 6 months as on 31.3.2015 stood at ₹ 1.40 crores as compared to ₹ 2 crores in the previous year.

## Risks and Concerns

Due to changes in GOI policy, urea production may get curtailed. Possible non-availability of raw materials and fertilizers for non-urea fertilizers are matters of concern. Continued under provisioning for fertilizer subsidy in the Union Budget, and resultant unusual delay in subsidy payment by GOI would contribute to precarious working capital position which could impact production and imports to meet market demand. Considering the Company's plans for higher imports, depreciation of Indian rupee against the American dollar can adversely affect profitability. Increase in operating costs, mainly finance costs on working capital etc. may adversely affect profitability.

## Internal Control Systems

Adequate internal control procedures are in place across various functions in the Company, adequately supported with SAP ERP ECC 6.0 and B.O 4.0 business reporting tool leading to total business integration.

In addition, Internal Auditor reviews the internal control measures on an ongoing basis, whose reports are reviewed by the Audit Committee of Directors.

## Human Resources and Industrial Relations

The Company continues to focus on employee training and development and had organized several technical and other soft skills training programs across levels. The Company constantly reviews/revises its policies and practices to stay aligned with the best in the industry.

The total strength of regular employees at the end of the year was 834 as against 839 in the previous year.

## INDEPENDENT AUDITOR'S REPORT

To

### THE MEMBERS OF MANGALORE CHEMICALS AND FERTILIZERS LIMITED

#### 1. Report on the Financial Statements

We have audited the accompanying financial statements of Mangalore Chemicals and Fertilizers Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### 2. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Sub-section 5 of Section 134 of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### 3. Auditor's responsibility

Our responsibility is to express an opinion on these 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 in accordance with the Standards on Auditing specified under Sub-section 10 of Section 143 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place in adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the 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 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 financial statements.

#### 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give

the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- In case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2015;
- In case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- In case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### 5. Emphasis of Matter

Without qualifying our opinion, attention is drawn to Note 36 to the financial statements, regarding the concession from Government of India for Urea being recognized on the basis of estimates. Adjustments, if any, on notification of final prices under the scheme, will be considered in the year in which such notifications are received.

#### 6. Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2015, ('the Order'), issued by the Central Government of India in terms of Sub-section 11 of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the said Order.
- As required by Sub-section 3 of Section 143 of the Act, we report that:
  - 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.
  - 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.
  - The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - On the basis of written representations received from the directors as on 31<sup>st</sup> March 2015 taken on record by the Board of Directors, none of the directors are disqualified as on 31<sup>st</sup> March, 2015, from being appointed as a director in terms of Sub-section 2 of Section 164 of the Act.
  - With respect to the other matters to be included in the Auditors' 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 :
    - The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
    - The Company has made provision, as required under the applicable law or accounting standard, for material foreseeable losses on long-term contracts including derivative contracts.
    - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For K. P. Rao & Co.  
Chartered Accountants  
Firm Regn. No. 003135S

K. Viswanath  
Partner

Place : Mumbai  
Date : May 29, 2015

Membership No. 022812

## ANNEXURE TO AUDITOR'S REPORT

STATEMENT REFERRED TO IN PARAGRAPH 6 (A) OF OUR REPORT OF EVEN DATE

We report that;

1. a) The Company has maintained proper records showing full particulars including quantitative details and the situation of fixed assets.
- b) The Fixed Assets have been physically verified by the Management during the course of the year and no material discrepancies were noticed on such physical verification.
2. a) The inventory has been physically verified during the year by the Management. In our opinion, the frequency of such verification is reasonable.
- b) The procedures of physical verification of inventories of the Company followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. In our opinion and according to the information and explanation given to us, the Company has not granted loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the act. Accordingly, reporting under sub-clauses (a) and (b) of clause (iii) of paragraph 3 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business for the purchase of inventories and fixed assets and for the sale of goods and services. During the course of audit we have not observed any continuing failure to correct any major weaknesses in internal controls.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits. Accordingly, reporting under clause (v) of paragraph 3 of the Order is not applicable.
6. We have broadly reviewed the books of account relating to utilisation of materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records prescribed under Sub-section 1 of Section 148 of the Companies Act, 2013, and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we are not required to and have not carried out a detailed audit of the same.
7. a. The Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues applicable to it with the appropriate authorities.
- b. According to the information and explanation given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax or Cess, which have not been deposited on account of any dispute, except:

| Name of the Statute | Nature of the dues | Amount (Rs. Lakhs) | Forum where the dispute is pending |
|---------------------|--------------------|--------------------|------------------------------------|
| Customs Act, 1962   | Custom Duty        | 90.60              | CESTAT                             |
- c. The amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder has been transferred to such Fund within time.
8. In our opinion, the Company has no accumulated losses at the end of the financial year and has not incurred any cash losses in the current financial year and in the immediately preceding financial year.
9. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions / banks. The Company has not issued any debentures.
10. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks and Financial Institutions.
11. According to the information and explanations given to us, the terms loans availed are applied for the purpose for which they are obtained.
12. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For K. P. Rao & Co.  
Chartered Accountants  
Firm Regn. No. 003135S

K. Viswanath  
Partner

Place : Mumbai  
Date : May 29, 2015

Membership No. 022812

## BALANCE SHEET AS AT MARCH 31, 2015

(₹ in Lakhs)

| Particulars                            | Note No. | As at<br>31.03.2015      | As at<br>31.03.2014      |
|----------------------------------------|----------|--------------------------|--------------------------|
| <b>EQUITY &amp; LIABILITIES</b>        |          |                          |                          |
| <b>Shareholders' funds</b>             |          |                          |                          |
| Share capital                          | 2        | 118,54.86                | 118,54.86                |
| Reserves and surplus                   | 3        | 541,42.31                | 517,30.99                |
|                                        |          | <u>659,97.17</u>         | <u>635,85.85</u>         |
| <b>Non-current liabilities</b>         |          |                          |                          |
| Long-term borrowings                   | 4        | 209,27.33                | 226,85.13                |
| Deferred tax liabilities (Net)         | 35       | 43,12.90                 | 63,52.52                 |
| Other Long-term liabilities            | 5        | 30,52.59                 | 28,44.32                 |
| Long-term provisions                   | 6        | 35,41.54                 | 37,68.78                 |
|                                        |          | <u>318,34.36</u>         | <u>356,50.75</u>         |
| <b>Current liabilities</b>             |          |                          |                          |
| Short-term borrowings                  | 7        | 844,49.57                | 1277,44.27               |
| Trade payables                         |          | 514,64.04                | 262,80.36                |
| Other current liabilities              | 8        | 80,86.09                 | 71,40.17                 |
| Short-term provisions                  | 9        | 19,46.60                 | 28,89.82                 |
|                                        |          | <u>1459,46.30</u>        | <u>1640,54.62</u>        |
| <b>TOTAL</b>                           |          | <u><b>2437,77.83</b></u> | <u><b>2632,91.22</b></u> |
| <b>ASSETS</b>                          |          |                          |                          |
| <b>Non-current assets</b>              |          |                          |                          |
| Fixed assets                           | 10       |                          |                          |
| Tangible assets                        |          | 619,39.58                | 497,10.50                |
| Intangible assets                      |          | 21.81                    | 30.72                    |
| Capital work-in-progress               |          | 9,25.93                  | 128,53.64                |
| Non-current investments                | 11       | 200,00.00                | 200,00.00                |
| Long-term loans and advances           | 12       | 51,16.82                 | 53,45.96                 |
| Other non-current assets               | 13       | 17,13.05                 | 20,52.08                 |
|                                        |          | <u>897,17.19</u>         | <u>899,92.90</u>         |
| <b>Current assets</b>                  |          |                          |                          |
| Inventories                            | 14       | 334,24.59                | 141,47.05                |
| Trade receivables                      | 15       | 235,56.19                | 172,10.30                |
| Cash and Bank Balances                 | 16       | 31,77.25                 | 11,31.55                 |
| Short-term loans and advances          | 17       | 34,75.75                 | 38,32.57                 |
| Other current assets                   | 18       | 904,26.86                | 1369,76.85               |
|                                        |          | <u>1540,60.64</u>        | <u>1732,98.32</u>        |
| <b>TOTAL</b>                           |          | <u><b>2437,77.83</b></u> | <u><b>2632,91.22</b></u> |
| <b>SIGNIFICANT ACCOUNTING POLICIES</b> |          |                          |                          |
|                                        | I        |                          |                          |

This is the Balance Sheet referred to in our report of even date.

Notes from I to 44 form integral part of Financial Statements and should be read in conjunction therewith in terms of our report attached.

For **K. P. Rao & Co.**  
Chartered Accountants  
Firm Regn. No. 0031355

**K. Viswanath**  
Partner  
Membership No. 022812

Mumbai  
May 29, 2015

**Deepak Anand**  
Managing Director

**K. Raghuvveeran**  
Company Secretary

**K. Prabhakar Rao**  
Director - Works

**T. M. Muralidharan**  
Chief Financial Officer

## PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lakhs)

| Particulars                                                                                                                                                                                  | Note No. | Year ended<br>31.03.2015 | Year ended<br>31.03.2014 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|--------------------------|--------------------------|
| <b>Revenue from operations</b>                                                                                                                                                               |          |                          |                          |
| Sale of products                                                                                                                                                                             | 19       | 2588,75.71               | 3320,49.79               |
| Sale of services                                                                                                                                                                             |          | 1,16.05                  | 1,88.41                  |
| Less: Excise duty                                                                                                                                                                            |          | 11,13.68                 | 12,11.83                 |
|                                                                                                                                                                                              |          | <b>2578,78.08</b>        | 3310,26.37               |
| Other income                                                                                                                                                                                 | 20       | 11,47.10                 | 4,54.16                  |
| <b>Total Revenue</b>                                                                                                                                                                         |          | <b>2590,25.18</b>        | 3314,80.53               |
| <b>Expenses:</b>                                                                                                                                                                             |          |                          |                          |
| Cost of materials consumed                                                                                                                                                                   | 21       | 1119,91.13               | 1442,32.13               |
| Purchases of Stock-in-trade                                                                                                                                                                  | 22       | 864,63.09                | 737,74.45                |
| Changes in inventories of finished goods, work-in-progress and Stock-in-trade                                                                                                                | 23       | (141,36.03)              | 65,73.53                 |
| Employee benefits expense                                                                                                                                                                    | 24       | 63,33.41                 | 63,07.19                 |
| Finance costs                                                                                                                                                                                | 25       | 123,66.62                | 102,44.74                |
| Depreciation and amortization expense - including depreciation of ₹ 71.91 lakhs on revalued fixed assets (Previous year- Net of amount transferred from revaluation reserve ₹ 1,56.99 lakhs) |          | 28,65.57                 | 28,76.11                 |
| Expenditure on Corporate Social Responsibility activities                                                                                                                                    | 26       | 1,45.77                  | -                        |
| Other expenses                                                                                                                                                                               | 27       | 511,66.54                | 781,17.53                |
| <b>Total expenses</b>                                                                                                                                                                        |          | <b>2571,96.10</b>        | 3221,25.68               |
| Profit before tax                                                                                                                                                                            |          | 18,29.08                 | 93,54.85                 |
| <b>Tax expense:</b>                                                                                                                                                                          |          |                          |                          |
| Current tax                                                                                                                                                                                  |          |                          |                          |
| MAT                                                                                                                                                                                          |          | 4,00.00                  | 19,70.00                 |
| MAT credit entitlement                                                                                                                                                                       |          | (4,00.00)                | (19,70.00)               |
| Net Current tax                                                                                                                                                                              |          | -                        | -                        |
| Short / (Excess) provision for tax for earlier years                                                                                                                                         |          | 0.91                     | (21.07)                  |
| Deferred Tax                                                                                                                                                                                 |          | (19,25.87)               | 22,82.51                 |
| <b>Profit for the period</b>                                                                                                                                                                 |          | <b>37,54.04</b>          | 70,93.41                 |
| Basic and Diluted Earnings per equity share (face value of ₹ 10/- each)                                                                                                                      | 33       | 3.17                     | 5.99                     |

### SIGNIFICANT ACCOUNTING POLICIES

This is the Profit and Loss Statement referred to in our report of even date.

Notes from I to 44 form integral part of Financial Statements and should be read in conjunction therewith in terms of our report attached.

For **K. P. Rao & Co.**  
Chartered Accountants  
Firm Regn. No. 003135S

**K. Viswanath**  
Partner  
Membership No. 022812

Mumbai  
May 29, 2015

**Deepak Anand**  
Managing Director

**K. Raghuvveeran**  
Company Secretary

**K. Prabhakar Rao**  
Director - Works

**T. M. Muralidharan**  
Chief Financial Officer

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lakhs)

|                                                                | Year ended March 31, 2015 | Year ended March 31, 2014 |
|----------------------------------------------------------------|---------------------------|---------------------------|
| <b>A CASH FLOW FROM OPERATING ACTIVITIES</b>                   |                           |                           |
| Net Profit before Tax                                          | 18,29.08                  | 93,54.85                  |
| Adjustment for :                                               |                           |                           |
| Depreciation                                                   | 28,65.57                  | 28,76.11                  |
| Interest and financial charges                                 | 123,66.62                 | 102,44.74                 |
| Interest received                                              | (89.50)                   | (1,28.15)                 |
| Fixed Assets Written-off                                       | 1,36.95                   | 1,12.32                   |
| (Profit)/Loss on sale of fixed assets (Net)                    | 20.91                     | (78.76)                   |
|                                                                | <b>153,00.55</b>          | <b>130,26.26</b>          |
| Operating Profit before Working Capital changes                | <b>171,29.63</b>          | <b>223,81.11</b>          |
| Adjustment for :                                               |                           |                           |
| Trade and other Receivables                                    | 393,31.91                 | (290,21.81)               |
| Inventories                                                    | (192,77.54)               | 105,62.48                 |
| Trade Payables                                                 | 254,78.81                 | (39,69.96)                |
|                                                                | <b>455,33.18</b>          | <b>(224,29.29)</b>        |
| Cash flow from operating activities                            | <b>626,62.81</b>          | <b>(48.18)</b>            |
| Income-tax paid                                                | <b>(3,88.43)</b>          | <b>(21,78.91)</b>         |
| NET CASH FROM OPERATING ACTIVITIES                             | <b>622,74.38</b>          | <b>(22,27.09)</b>         |
| <b>B CASH FLOW FROM INVESTING ACTIVITIES</b>                   |                           |                           |
| Purchase of Fixed Assets                                       | <b>(57,52.46)</b>         | <b>(154,99.16)</b>        |
| Proceeds from Sale of Fixed Assets                             | <b>1,40.95</b>            | <b>97.91</b>              |
| NET CASH USED IN INVESTING ACTIVITIES                          | <b>(56,11.51)</b>         | <b>(154,01.25)</b>        |
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>                   |                           |                           |
| Proceeds from long term bank borrowings                        | <b>26,32.44</b>           | <b>76,31.18</b>           |
| Repayment of short term bank borrowings                        | <b>(432,94.70)</b>        | <b>228,03.92</b>          |
| Repayment of Loans and deferments                              | <b>(18,37.57)</b>         | <b>(11,78.48)</b>         |
| Dividend paid including Distribution tax                       | <b>(16,63.88)</b>         | <b>(16,63.88)</b>         |
| Deposits                                                       | <b>(0.58)</b>             | <b>-</b>                  |
| Interest received                                              | <b>89.50</b>              | <b>1,28.15</b>            |
| Interest and financial charges paid                            | <b>(118,11.07)</b>        | <b>(103,72.94)</b>        |
| NET CASH USED IN FINANCING ACTIVITIES                          | <b>(558,85.86)</b>        | <b>173,47.95</b>          |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | <b>7,77.01</b>            | <b>(2,80.39)</b>          |
| OPENING BALANCE OF CASH AND CASH EQUIVALENTS                   | <b>5,83.75</b>            | <b>8,64.14</b>            |
| CLOSING BALANCE OF CASH AND CASH EQUIVALENTS                   | <b>13,60.76</b>           | <b>5,83.75</b>            |

The above Cash Flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

This is the Cash Flow Statement referred to in our report of even date.

For **K. P. Rao & Co.**  
Chartered Accountants  
Firm Regn. No. 0031355

**Deepak Anand**  
Managing Director

**K. Prabhakar Rao**  
Director - Works

**K. Viswanath**  
Partner  
Membership No. 022812

**K. Raghuvveeran**  
Company Secretary

**T. M. Muralidharan**  
Chief Financial Officer

Mumbai  
May 29, 2015



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

### Corporate Information

Mangalore Chemicals & Fertilizers Limited (the Company) domiciled in India, is incorporated under the Companies Act, 1956 and its shares are listed on the Bangalore Stock Exchange, BSE Limited and National Stock Exchange of India Limited. The Company is primarily engaged in the business of manufacture, purchase and sale of fertilizers.

#### I. Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India [Indian GAAP]. The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain fixed assets which have been revalued. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

##### I.1. Summary of Significant Accounting Policies

###### a. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

###### b. Fixed Assets

Fixed Assets are capitalised at cost, inclusive of finance charges on borrowed funds attributable to acquisition of Qualifying Assets, for the period upto the date of commencement of commercial production.

Expenditure that increases the future benefit of plant and machinery by improvement in performance and efficiency of the assets as well as increases their useful economic life is capitalised.

Insurance spares are capitalised as part of respective groups of assets.

###### c. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition / construction of qualifying assets are capitalised while the other borrowing costs are expensed.

###### d. Investments

Long term investments are stated at cost. Provision for diminution in value is made to recognize a decline, other than temporary, in the value of long-term investments.

#### e. Valuation of Inventories

Inventories are valued at the lower of Cost and Net Realisable Value.

The Cost is determined as follows:

- a. Stores and spares, Fuel Oil, Raw Materials and Packing Materials: Moving weighted average method.
- b. Work-in-progress: Material cost on moving weighted average method and appropriate manufacturing overheads based on normal operating capacity.
- c. i. Finished goods (manufactured): Material cost on moving weighted average method and appropriate manufacturing overheads based on normal operating capacity including Excise Duty.
- ii. Traded Goods: Moving weighted average method.

Net Realisable Value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

#### f. Revenue Recognition

Sale is recognised on the despatch / delivery of goods to the customer. Sale is exclusive of excise duty, where applicable.

Under the New Pricing Scheme for Urea, the Government of India reimburses in the form of subsidy to the Fertilizer industry the difference between the concession price based on the cost of production and the selling price realised from the farmers as fixed by the Government from time to time. Changes in input and other costs as estimated by the management, as per known policy parameters are recognised in the Profit and Loss Statement for the year. This has been accounted on the basis of movement of fertilizers from the factory as per the procedure prescribed by the Government and not on the basis of ultimate sales.

Concession for DAP, MOP and Complex Fertilizers is recognised as per the rates notified by the Government of India. This has been accounted on the basis of receipt of fertilizers in the district as per the procedure prescribed by the Government and not on the basis of ultimate sales.

Insurance claims are accounted on acceptance.

Revenue from services is recognised as per the terms and conditions of the Contract / Agreement.

#### g. Depreciation

Depreciation on fixed assets is calculated on the straight-line method based on useful life prescribed under Schedule II to the Companies Act 2013, as amended. Fertilizer plant has been classified as 'Continuous Process Plant'.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

Incremental value of fixed assets arising out of revaluation is depreciated over their remaining useful lives.

Written down value of insurance spares is charged off in the year of replacement of the existing part in the fixed asset.

### h. Leases

Finance Leases, which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the Company are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the 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 charged to the Profit and Loss Statement.

### i. a. Foreign Currency Transaction

Revenue transactions in foreign currency are translated into Indian rupees at the exchange rate prevailing on the date of the transactions unless such transactions are covered by forward contracts.

The exchange differences arising on foreign currency transactions are recognised as income or expense in the period in which they arise.

All current assets and current liabilities in foreign currency outstanding on the date of the Balance Sheet are converted at the exchange rates prevailing on the date of the Balance Sheet. The resultant differences are recognised in Profit and Loss Statement.

### b. Forward Exchange Contracts

In respect of Forward Exchange Contracts entered into by the Company, the difference between the contracted rate and the rate at the date of transaction is recognised as gain or loss over the period of contract. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

### c. Currency Swap Contracts

The currency swap contracts entered into by the Company, are initially recognised in the financial statements at the value determined on the basis of net cash flow arising or incurring through these contracts. The gain or loss that is determined to be an effective hedge is recognised in the Profit and Loss statement in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

### j. Retirement and other Benefits to Employees

a. Provident Fund, a defined contribution plan covers the eligible employees. Contribution made to Provident Fund is charged to Profit and Loss Statement.

b. Gratuity, a defined benefit retirement plan, to the employees is covered under the appropriate schemes of the Life Insurance Corporation of India. Liability is charged to Profit and Loss Statement based on an actuarial valuation carried out at the balance sheet date, by an independent Actuary.

c. Superannuation, which is a defined contribution scheme, is administered by Life Insurance Corporation of India. The contributions to the said scheme are charged to the Profit and Loss statement on an accrual basis.

d. Leave Encashment benefits payable to employees is unfunded, determined and recognised at the balance sheet date in the accounts as per the actuarial valuation. Expenditure incurred on payment made to employees under Voluntary Retirement Scheme (VRS) is charged to Profit and Loss Statement in the year of payment.

### k. Earnings per Share

Basic Earnings per Share is calculated by dividing the net Profit or Loss for the year attributable to the equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating Diluted EPS, 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.

### l. Income-tax

Provision for income-tax comprises of current taxes and also deferred taxes. Provision for current tax is made based on the tax liability computed as per the provisions of Income Tax Act 1961. Deferred tax liability is recognised for the future tax consequences of temporary differences between the tax basis and the carrying values of assets and liabilities. Deferred tax assets are recognised if there is reasonable certainty that they will be realised and are reviewed every year. The tax effect is calculated on the accumulated timing differences at the end of the year based on enacted or substantially enacted tax laws.

### m. Impairment of Asset

Impairment of asset is reviewed and recognised in the event of changes and circumstances indicating that the carrying amount of an asset is not recoverable. Difference between the carrying amount of an asset and the recoverable value, if any, is recognised as impairment loss in the Profit and Loss Statement in the year of impairment.

### n. Intangible Asset (Software)

Intangibles representing software are amortized over their estimated useful life.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lakhs)

| Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | As at<br>31.03.2015     | As at<br>31.03.2014     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>SHAREHOLDERS' FUNDS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                         |                         |
| <b>2 SHARE CAPITAL</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                         |                         |
| a) <b>Authorised</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                         |                         |
| 6,00,000 (6,00,000) 13% Redeemable Cumulative Preference Shares of ₹ 100/- each                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 6,00.00                 | 6,00.00                 |
| 12,40,00,000 (12,40,00,000) Equity Shares of ₹ 10/- each                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 124,00.00               | 124,00.00               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>130,00.00</b>        | <b>130,00.00</b>        |
| b) <b>Issued</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                         |                         |
| 12,00,00,044 (12,00,00,044) Equity Shares of ₹ 10/- each                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 120,00.00               | 120,00.00               |
| c) <b>Subscribed and Fully Paid-up</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                         |                         |
| 11,85,15,150 (11,85,15,150) Equity Shares of ₹ 10/- each                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 118,51.51               | 118,51.51               |
| d) <b>Forfeited shares</b> (amount originally paid-up)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 3.35                    | 3.35                    |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>118,54.86</b>        | <b>118,54.86</b>        |
| e) <b>Par Value per Share</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                         |                         |
| 13 % Redeemable Cumulative Preference Shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | ₹ 100 each              | ₹ 100 each              |
| Equity Shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | ₹ 10 each               | ₹ 10 each               |
| f) <b>Reconciliation of the number of shares outstanding</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Number of shares</b> | <b>Number of shares</b> |
| Number of Equity shares outstanding at the beginning of the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 11,85,15,150            | 11,85,15,150            |
| Number of Equity shares outstanding at the end of the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 11,85,15,150            | 11,85,15,150            |
| g) <b>Shares in the company held by each shareholder holding more than 5 percent</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Number of shares</b> | <b>Number of shares</b> |
| United Breweries (Holdings) Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 1,78,36,068             | 1,78,36,068             |
| Zuari Fertilizers and Chemicals Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 1,95,14,211             | 1,94,71,787             |
| SCM Soilfert Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 3,37,49,623             | 2,89,91,150             |
| h) <b>The rights, preferences and restrictions attached to shares</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                         |                         |
| The Company has only one class of shares issued and paid up referred to as equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend if proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their holdings. |                         |                         |
| (Figures in the brackets represents the number of shares as on previous year.)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                         |                         |
| <b>3 RESERVES &amp; SURPLUS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                         |                         |
| a) Capital Reserve                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 16.84                   | 16.84                   |
| b) Capital Redemption Reserve                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 4,80.78                 | 4,80.78                 |
| c) Revaluation Reserve                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 80,07.74                | 81,76.56                |
| Deductions: Assets sold / discarded                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 21.40                   | 11.83                   |
| Transfer to Profit and Loss Statement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | -                       | 1,56.99                 |
| Depreciation on assets with no useful life as on 31.03.2014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 2,44.55                 | -                       |
| Transfer to General Reserve                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 71.91                   | -                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>76,69.88</b>         | <b>80,07.74</b>         |
| d) General Reserve as per last Balance Sheet                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 52,33.00                | 49,83.00                |
| Additions: Transfer from Surplus                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | -                       | 2,50.00                 |
| Transfer from Revaluation reserve                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 71.91                   | -                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>53,04.91</b>         | <b>52,33.00</b>         |
| e) Surplus                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                         |                         |
| Opening Balance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 379,92.63               | 328,13.10               |
| Additions: Profit for the year as per Profit & Loss Statement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 37,54.04                | 70,93.41                |
| Deductions: Depreciation on assets with no useful life as on 31.03.2014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 2,20.92                 | -                       |
| (net of deferred tax of ₹ 1,13.75 lakhs)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                         |                         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>415,25.75</b>        | <b>399,06.51</b>        |
| Deductions: Appropriations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                         |                         |
| Proposed Dividend                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 7,11.09                 | 14,22.18                |
| Tax on Distributed Profit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 1,44.76                 | 2,41.70                 |
| Transfer to General Reserve                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | -                       | 2,50.00                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>8,55.85</b>          | <b>19,13.88</b>         |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>406,69.90</b>        | <b>379,92.63</b>        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>541,42.31</b>        | <b>517,30.99</b>        |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lakhs)

| Particulars                                                                                                                                                                                                                                           | As at<br>31.03.2015 | As at<br>31.03.2014 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| <b>NON - CURRENT LIABILITIES</b>                                                                                                                                                                                                                      |                     |                     |
| <b>4. LONG TERM BORROWINGS</b>                                                                                                                                                                                                                        |                     |                     |
| Term loans From banks                                                                                                                                                                                                                                 |                     |                     |
| a) Secured                                                                                                                                                                                                                                            | 133,51.84           | 139,17.48           |
| <i>(Secured by first charge on the project assets, and first / second pari-passu charge on all of the Company's assets including all movable and immovable assets both present and future excluding assets specifically charged to other lenders)</i> |                     |                     |
| <i>Terms of repayment:</i>                                                                                                                                                                                                                            |                     |                     |
| ₹ 47,19.86 Lakhs repayable monthly in 7 years with interest @ 14.50% pa                                                                                                                                                                               |                     |                     |
| ₹ 65,15.93 Lakhs repayable half yearly in 7 years with interest @ 2.60% pa                                                                                                                                                                            |                     |                     |
| ₹ 16,56.00 Lakhs repayable monthly in 4 years 4 months with interest @ 13.90% pa                                                                                                                                                                      |                     |                     |
| ₹ 4,60.05 Lakhs repayable half yearly in 7 years with interest @ 1.40 % pa                                                                                                                                                                            |                     |                     |
| b) Unsecured                                                                                                                                                                                                                                          | 75,71.83            | 87,37.87            |
| ₹ 75,71.83 Lakhs repayable quarterly in 5 years with rate of interest @ 15.50% pa                                                                                                                                                                     |                     |                     |
| Others Loans                                                                                                                                                                                                                                          |                     |                     |
| Secured                                                                                                                                                                                                                                               |                     |                     |
| Long term maturities of finance lease obligations (Refer Note No. 34)                                                                                                                                                                                 | 3.66                | 29.78               |
| <i>(Secured by hypothecation of assets acquired under the facility)</i>                                                                                                                                                                               |                     |                     |
| <b>Total</b>                                                                                                                                                                                                                                          | <b>209,27.33</b>    | <b>226,85.13</b>    |
| <b>5 OTHER LONG TERM LIABILITIES</b>                                                                                                                                                                                                                  |                     |                     |
| Deposits (Unsecured)                                                                                                                                                                                                                                  | 30,52.59            | 28,44.32            |
| <b>6 LONG TERM PROVISIONS</b>                                                                                                                                                                                                                         |                     |                     |
| a) Provision for employee benefits                                                                                                                                                                                                                    |                     |                     |
| Leave encashment                                                                                                                                                                                                                                      | 5,41.81             | 4,84.61             |
| Gratuity                                                                                                                                                                                                                                              | 12,89.26            | 12,32.09            |
| b) Provision for currency swap                                                                                                                                                                                                                        | 17,10.47            | 20,52.08            |
| <b>Total</b>                                                                                                                                                                                                                                          | <b>35,41.54</b>     | <b>37,68.78</b>     |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lakhs)

| Particulars                                                                                                                                                                                                                                                                                                                                                                       | As at<br>31.03.2015 | As at<br>31.03.2014 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| <b>CURRENT LIABILITIES</b>                                                                                                                                                                                                                                                                                                                                                        |                     |                     |
| <b>7 SHORT TERM BORROWINGS</b>                                                                                                                                                                                                                                                                                                                                                    |                     |                     |
| Loans repayable on demand                                                                                                                                                                                                                                                                                                                                                         |                     |                     |
| From banks                                                                                                                                                                                                                                                                                                                                                                        |                     |                     |
| Secured :                                                                                                                                                                                                                                                                                                                                                                         |                     |                     |
| a) Cash Credit including demand loans                                                                                                                                                                                                                                                                                                                                             | 342,16.43           | 827,53.13           |
| b) Buyers' Credit                                                                                                                                                                                                                                                                                                                                                                 | 502,33.14           | 449,91.14           |
| <i>(Secured by first pari-passu charge on present and future stock of fertilizers including work-in-progress and raw materials, book debts, outstanding monies, receivables, claims, bills, contracts, engagements, securities, investments, rights and fixed assets of the Company (except assets effectively otherwise hypothecated / charged or mortgaged to the lenders))</i> |                     |                     |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                                                                      | <b>844,49.57</b>    | <b>1277,44.27</b>   |
| <b>8 OTHER CURRENT LIABILITIES</b>                                                                                                                                                                                                                                                                                                                                                |                     |                     |
| a) Current maturities of long-term debt                                                                                                                                                                                                                                                                                                                                           | 42,27.55            | 17,01.00            |
| b) Current maturities of finance lease obligations                                                                                                                                                                                                                                                                                                                                | 26.12               | 36.86               |
| c) Interest accrued but not due on borrowings                                                                                                                                                                                                                                                                                                                                     | 5,42.60             | 3,15.43             |
| d) Income received in advance                                                                                                                                                                                                                                                                                                                                                     | 6.08                | 3.68                |
| e) Unpaid dividends                                                                                                                                                                                                                                                                                                                                                               | 3,06.49             | 2,80.80             |
| f) Other Payables                                                                                                                                                                                                                                                                                                                                                                 |                     |                     |
| Deposits                                                                                                                                                                                                                                                                                                                                                                          | 6.77                | 2.90                |
| Sundry Creditors for Capital expenditure                                                                                                                                                                                                                                                                                                                                          | 2,41.97             | 25,27.28            |
| Statutory dues                                                                                                                                                                                                                                                                                                                                                                    | 7,01.77             | 3,31.27             |
| Employee expenses                                                                                                                                                                                                                                                                                                                                                                 | 7,15.23             | 10,83.71            |
| Others                                                                                                                                                                                                                                                                                                                                                                            | 13,11.51            | 8,57.24             |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                                                                      | <b>80,86.09</b>     | <b>71,40.17</b>     |
| <b>9 SHORT TERM PROVISIONS</b>                                                                                                                                                                                                                                                                                                                                                    |                     |                     |
| a) Provision for employee benefits                                                                                                                                                                                                                                                                                                                                                |                     |                     |
| Leave encashment                                                                                                                                                                                                                                                                                                                                                                  | 1,40.49             | 1,38.27             |
| Gratuity                                                                                                                                                                                                                                                                                                                                                                          | 69.27               | 2,44.51             |
| b) Others                                                                                                                                                                                                                                                                                                                                                                         |                     |                     |
| Proposed Dividend                                                                                                                                                                                                                                                                                                                                                                 | 7,11.09             | 14,22.18            |
| Corporate Dividend Tax                                                                                                                                                                                                                                                                                                                                                            | 1,44.76             | 2,41.70             |
| Current Tax (net of advance tax)                                                                                                                                                                                                                                                                                                                                                  | 86.66               | 73.32               |
| Provision for currency swap                                                                                                                                                                                                                                                                                                                                                       | 7,94.33             | 7,69.84             |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                                                                      | <b>19,46.60</b>     | <b>28,89.82</b>     |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

### NON CURRENT ASSETS

#### 10 FIXED ASSETS

(₹ in Lakhs)

| DESCRIPTION                           | GROSS BLOCK (At Cost or Valuation) |           |            |                    | DEPRECIATION      |                            |                 |            | NET BLOCK          |                    |                    |
|---------------------------------------|------------------------------------|-----------|------------|--------------------|-------------------|----------------------------|-----------------|------------|--------------------|--------------------|--------------------|
|                                       | As at<br>1.4.2014                  | Additions | Deductions | As at<br>31.3.2015 | Up to<br>1.4.2014 | Adjustments <sup>(c)</sup> | For the<br>year | Deductions | Up to<br>31.3.2015 | As at<br>31.3.2015 | As at<br>31.3.2014 |
| TANGIBLE ASSETS:                      |                                    |           |            |                    |                   |                            |                 |            |                    |                    |                    |
| Freehold Land                         | 68,67.78                           | -         | -          | 68,67.78           | -                 | -                          | -               | -          | -                  | 68,67.78           | 68,67.78           |
| Leasehold Land <sup>(a)</sup>         | 3.04                               | -         | -          | 3.04               | -                 | -                          | -               | -          | -                  | 3.04               | 3.04               |
| Buildings                             | 63,07.19                           | 13.03     | -          | 63,20.22           | 19,92.58          | 2,58.88                    | 1,26.36         | -          | 23,77.82           | 39,42.40           | 43,14.61           |
| Railway Sidings                       | 7,03.15                            | -         | -          | 7,03.15            | 1,51.42           | -                          | 51.32           | -          | 2,02.74            | 5,00.41            | 5,51.73            |
| Roads, Drainage and Culverts          | 5,93.25                            | -         | -          | 5,93.25            | 1,33.92           | 85.26                      | 85.81           | -          | 3,04.99            | 2,88.26            | 4,59.33            |
| Plant and Machinery                   | 703,02.27                          | 158,06.90 | 38,76.37   | 822,32.80          | 344,67.90         | 8.53                       | 22,61.96        | 35,61.27   | 331,77.12          | 490,55.68          | 358,34.37          |
| Electrical Installations and Fittings | 1,83.62                            | -         | 5.33       | 1,78.29            | 67.82             | 8.27                       | 20.48           | 5.07       | 91.50              | 86.79              | 1,15.80            |
| Equipment                             | 14,98.89                           | 33.40     | 12.44      | 15,19.85           | 4,67.51           | 2,06.10                    | 1,81.49         | 10.72      | 8,44.38            | 6,75.47            | 10,31.38           |
| Cranes and Locomotives                | 2,50.76                            | 73.33     | 11.20      | 3,12.89            | 1,38.29           | 5.35                       | 22.90           | 8.11       | 1,58.43            | 1,54.46            | 1,12.47            |
| Furniture and Fixtures                | 6,15.89                            | 0.34      | 1.11       | 6,15.12            | 2,64.78           | 3.88                       | 72.67           | 1.07       | 3,40.26            | 2,74.86            | 3,51.11            |
| Vehicles - Owned                      | 75.13                              | 58.17     | -          | 1,33.30            | 60.40             | -                          | 8.04            | -          | 68.44              | 64.86              | 14.73              |
| - Leased <sup>(b)</sup>               | 1,50.40                            | -         | -          | 1,50.40            | 96.25             | -                          | 28.58           | -          | 1,24.83            | 25.57              | 54.15              |
| Others                                | 2.83                               | -         | -          | 2.83               | 2.83              | -                          | -               | -          | 2.83               | -                  | -                  |
| SUB TOTAL (A)                         | 875,54.20                          | 159,85.17 | 39,06.45   | 996,32.92          | 378,43.70         | 5,76.27                    | 28,59.61        | 35,86.24   | 376,93.34          | 619,39.58          | 497,10.50          |
| INTANGIBLE ASSETS                     |                                    |           |            |                    |                   |                            |                 |            |                    |                    |                    |
| Computer Software (B)                 | 3,51.85                            | -         | -          | 3,51.85            | 3,21.13           | 2.95                       | 5.96            | -          | 3,30.04            | 21.81              | 30.72              |
| TOTAL ( A+B)                          | 879,06.05                          | 159,85.17 | 39,06.45   | 999,84.77          | 381,64.83         | 5,79.22                    | 28,65.57        | 35,86.24   | 380,23.38          | 619,61.39          | 497,41.22          |
| Previous Year                         | 829,16.54                          | 55,63.29  | 5,73.78    | 879,06.05          | 355,62.20         | -                          | 30,33.08        | 4,30.45    | 381,64.83          |                    |                    |
| Capital Work-in-Progress              |                                    |           |            |                    |                   |                            |                 |            |                    | 9,25.93            | 128,53.64          |
|                                       |                                    |           |            |                    |                   |                            |                 |            |                    | 628,87.32          | 625,94.86          |

(a) Leasehold land of ₹ 3.04 lakhs is towards 3.041 acres taken on lease from the New Mangalore Port Trust.

(b) Depreciation on Leased vehicles charged at 31.67%. (Previous year charged at 19.00% / 31.67%)

(c) Depreciation on assets with no remaining useful life as on 31.03.2014, which includes ₹ 2,44.55 lakhs on revalued assets.

| Particulars | As at<br>31.03.2015 | As at<br>31.03.2014 |
|-------------|---------------------|---------------------|
|-------------|---------------------|---------------------|

#### 11 NON CURRENT INVESTMENTS

Investments in Preference Shares (fully paid) (Trade) (Unquoted)  
Bangalore Beverages Limited

2,00,000 Redeemable cumulative preference shares of ₹ 1/- each  
with coupon rate of 10% p.a. repayable after 20 years

**200,00.00** 200,00.00

**Total**

**200,00.00** 200,00.00

#### 12 LONG TERM LOANS AND ADVANCES (Unsecured Considered good)

a) Capital Advances

**5,52.72** 11,79.89

b) Security Deposits

**6,58.58** 6,50.08

c) Other loans and advances

Advance Income Tax (net of provisions)

**1,45.52** 1,79.99

MAT credit entitlement

**37,60.00** 33,36.00

**Total**

**51,16.82** 53,45.96

#### 13 OTHER NON CURRENT ASSETS

a) Unamortised cost on currency swap

**17,10.47** 20,52.08

b) Long-term deposits with Banks (pledged with sales tax authorities)

**2.58** -

**Total**

**17,13.05** 20,52.08



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lakhs)

| Particulars                                                                              | As at<br>31.03.2015 | As at<br>31.03.2014 |
|------------------------------------------------------------------------------------------|---------------------|---------------------|
| <b>CURRENT ASSETS</b>                                                                    |                     |                     |
| <b>14 INVENTORIES</b>                                                                    |                     |                     |
| a) Raw materials (includes in-transit ₹ 40,41.87 lakhs, previous year ₹ 5,31.26 lakhs)   | 94,99.28            | 69,41.33            |
| b) Work-in-progress                                                                      | 1,81.46             | 6,32.60             |
| c) Finished goods                                                                        | 8,53.93             | 9,93.01             |
| d) Stock-in-trade (includes in-transit ₹ 133,98.62 lakhs, previous year ₹ Nil)           | 160,93.27           | 13,67.02            |
| e) Stores and spares (includes in-transit ₹ 21,98.73 lakhs, previous year ₹ 70.27 lakhs) | 67,96.65            | 42,13.09            |
| <b>Total</b>                                                                             | <b>334,24.59</b>    | <b>141,47.05</b>    |
| <i>[For mode of valuation refer note 1.1(e)]</i>                                         |                     |                     |
| <b>15 TRADE RECEIVABLES</b>                                                              |                     |                     |
| Outstanding for a period exceeding six months                                            |                     |                     |
| Secured considered good                                                                  | 41.22               | 52.66               |
| Unsecured considered good                                                                | 98.71               | 1,47.04             |
| Other Receivables:                                                                       |                     |                     |
| Secured considered good                                                                  | 19,52.04            | 15,56.41            |
| Unsecured considered good                                                                | 214,64.22           | 154,54.19           |
| <b>Total</b>                                                                             | <b>235,56.19</b>    | <b>172,10.30</b>    |
| <b>16 CASH AND BANK BALANCES</b>                                                         |                     |                     |
| <b>Cash and cash equivalents</b>                                                         |                     |                     |
| a) Balances with banks                                                                   | 13,35.24            | 5,34.60             |
| b) Cheques, drafts on hand                                                               | 22.37               | 46.46               |
| c) Cash on hand                                                                          | 3.15                | 2.69                |
|                                                                                          | <b>13,60.76</b>     | <b>5,83.75</b>      |
| <b>Other Bank Balances</b>                                                               |                     |                     |
| a) Bank Deposits                                                                         | -                   | 2.00                |
| b) Unpaid Dividend                                                                       | 3,06.49             | 2,80.80             |
| c) Margin Money Deposits                                                                 | 15,10.00            | 2,65.00             |
|                                                                                          | <b>18,16.49</b>     | <b>5,47.80</b>      |
| <b>Total</b>                                                                             | <b>31,77.25</b>     | <b>11,31.55</b>     |
| <b>17 SHORT TERM LOANS &amp; ADVANCES</b>                                                |                     |                     |
| Unsecured, considered good                                                               |                     |                     |
| Prepaid Expenses / Advances                                                              | 34,75.75            | 38,32.57            |
| <b>Total</b>                                                                             | <b>34,75.75</b>     | <b>38,32.57</b>     |
| <b>18 OTHER CURRENT ASSETS</b>                                                           |                     |                     |
| a) Concession Receivable from Government of India                                        | 889,22.52           | 1361,73.35          |
| b) Balance with Customs, Port Trust, Excise and Commercial Tax Authorities               | 10.15               | 18.33               |
| c) Unamortised cost on currency swap                                                     | 6,42.78             | 6,29.04             |
| d) Others                                                                                | 8,51.41             | 1,56.13             |
| <b>Total</b>                                                                             | <b>904,26.86</b>    | <b>1369,76.85</b>   |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lakhs)

| Particulars                                                                             | Year ended<br>31.03.2015 | Year ended<br>31.03.2014 |
|-----------------------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>19 SALE OF PRODUCTS</b>                                                              |                          |                          |
| <b>Manufactured Goods</b>                                                               |                          |                          |
| Urea                                                                                    | 1010,46.71               | 1748,56.51               |
| Complex Fertilizers                                                                     | 587,30.38                | 514,59.90                |
| Others                                                                                  | 98,65.39                 | 99,59.34                 |
|                                                                                         | <u>1696,42.48</u>        | <u>2362,75.75</u>        |
| <b>Traded Goods</b>                                                                     |                          |                          |
| Complex Fertilizers - Imported                                                          | 275,31.24                | 436,09.83                |
| Muriate of Potash - Imported                                                            | 279,79.27                | 195,02.51                |
| Others                                                                                  | 337,22.72                | 326,61.70                |
|                                                                                         | <u>892,33.23</u>         | <u>957,74.04</u>         |
| <b>Total</b>                                                                            | <u>2588,75.71</u>        | <u>3320,49.79</u>        |
| <b>20 OTHER INCOME</b>                                                                  |                          |                          |
| Interest Income                                                                         | 89.50                    | 1,28.15                  |
| Other non-operating income                                                              | 10,57.60                 | 3,26.01                  |
| <b>Total</b>                                                                            | <u>11,47.10</u>          | <u>4,54.16</u>           |
| <b>21 Cost of materials consumed</b>                                                    |                          |                          |
| Naphtha                                                                                 | 525,20.80                | 970,86.49                |
| Phosphoric Acid                                                                         | 343,57.97                | 278,78.68                |
| Imported Ammonia                                                                        | 180,10.37                | 132,92.13                |
| Others                                                                                  | 71,01.99                 | 59,74.83                 |
| <b>Total</b>                                                                            | <u>1119,91.13</u>        | <u>1442,32.13</u>        |
| <b>22 Purchases of Traded goods</b>                                                     |                          |                          |
| Complex Fertilizers - Imported                                                          | 352,64.07                | 380,78.39                |
| Muriate of Potash - Imported                                                            | 231,55.89                | 96,48.07                 |
| Others                                                                                  | 280,43.13                | 260,47.99                |
| <b>Total</b>                                                                            | <u>864,63.09</u>         | <u>737,74.45</u>         |
| <b>23 Changes in inventories of finished goods, work-in-progress and Stock-in-Trade</b> |                          |                          |
| Opening Stock                                                                           |                          |                          |
| Work-in-Progress                                                                        | 6,32.60                  | 6,08.28                  |
| Finished Goods                                                                          | 9,93.01                  | 4,06.45                  |
| Stock in Trade                                                                          | 13,67.02                 | 85,51.43                 |
| <b>Total</b>                                                                            | <u>29,92.63</u>          | <u>95,66.16</u>          |
| Closing Stock                                                                           |                          |                          |
| Work-in-Progress                                                                        | 1,81.46                  | 6,32.60                  |
| Finished Goods                                                                          | 8,53.93                  | 9,93.01                  |
| Stock in Trade                                                                          | 160,93.27                | 13,67.02                 |
| <b>Total</b>                                                                            | <u>171,28.66</u>         | <u>29,92.63</u>          |
|                                                                                         | <u>(141,36.03)</u>       | <u>65,73.53</u>          |
| <b>24 Employee benefits expense</b>                                                     |                          |                          |
| Salaries and Wages                                                                      | 49,73.38                 | 49,89.26                 |
| Contribution to Provident and Other Funds                                               | 6,78.78                  | 6,52.53                  |
| Staff Welfare Expenses                                                                  | 6,81.25                  | 6,65.40                  |
| <b>Total</b>                                                                            | <u>63,33.41</u>          | <u>63,07.19</u>          |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lakhs)

| Particulars | Year ended<br>31.03.2015 | Year ended<br>31.03.2014 |
|-------------|--------------------------|--------------------------|
|-------------|--------------------------|--------------------------|

The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below:

### A. Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized are charged off for the year as under:

|                                                |         |         |
|------------------------------------------------|---------|---------|
| Employer's Contribution to Provident Fund      | 1,61.59 | 1,88.39 |
| Employer's Contribution to Superannuation Fund | 74.73   | 82.56   |
| Employer's Contribution to Pension Scheme      | 80.75   | 55.17   |

The Provident Fund is maintained with Regional Provident Fund Commissioner, Mangalore

### B. Defined Benefit Plan

#### (i) Gratuity (funded)

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan.

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method.

|                                                                                        |            |            |
|----------------------------------------------------------------------------------------|------------|------------|
| <b>a. Reconciliation of opening and closing balances of defined benefit obligation</b> |            |            |
| Defined Benefit obligation at beginning of the year                                    | 17,44.09   | 18,29.49   |
| Current Service Cost                                                                   | 71.19      | 76.77      |
| Interest Cost                                                                          | 1,37.99    | 1,31.84    |
| Actuarial loss/(gain)                                                                  | 1,09.04    | 76.47      |
| Past Service Cost                                                                      | -          | -          |
| Benefits paid                                                                          | (3,27.45)  | (3,70.48)  |
| Defined Benefit obligation at end of the year                                          | 17,34.86   | 17,44.09   |
| <b>b. Reconciliation of opening and closing balances of fair value of assets</b>       |            |            |
| Fair value of plan assets at beginning of the year                                     | 2,67.49    | 4,87.17    |
| Expected return on plan assets                                                         | 4.92       | 23.14      |
| Actuarial gain/(loss)                                                                  | 32.07      | 12.98      |
| Contribution by the employer                                                           | 3,99.30    | 1,14.68    |
| Benefits paid                                                                          | (3,27.45)  | (3,70.48)  |
| Fair value of plan assets at year end                                                  | 3,76.33    | 2,67.49    |
| Actual return on plan assets                                                           | 36.99      | 36.12      |
| <b>c. Reconciliation of fair value of assets and obligations</b>                       |            |            |
| Fair value of plan assets as at end of the year                                        | 3,76.33    | 2,67.49    |
| Present value of obligation as at end of the year                                      | 17,34.86   | 17,44.09   |
| Liability recognised in Balance Sheet                                                  | 13,58.53   | 14,76.60   |
| <b>d. Expenses recognised during the year</b>                                          |            |            |
| Current Service Cost                                                                   | 71.19      | 76.77      |
| Interest Cost                                                                          | 1,37.99    | 1,31.84    |
| Expected return on plan assets                                                         | (4.92)     | (23.14)    |
| Actuarial gain/(loss)                                                                  | 76.96      | 63.49      |
| Past Service Cost                                                                      | -          | -          |
| Net Cost for the year                                                                  | 2,81.22    | 2,48.96    |
| <b>e. Investments</b>                                                                  |            |            |
|                                                                                        | % Invested | % Invested |
|                                                                                        | As at      | As at      |
|                                                                                        | 31 March,  | 31 March,  |
|                                                                                        | 2015       | 2014       |
| L.I.C Group Gratuity (Cash Accumulation) Policy                                        | 100        | 100        |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lakhs)

| Particulars                                        | Year ended<br>31.03.2015                                              | Year ended<br>31.03.2014                                              |
|----------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------|
| <b>f. Actuarial Assumptions</b>                    |                                                                       |                                                                       |
| Mortality Table (L.I.C.)                           | <b>Indian Assured<br/>Lives Mortality<br/>(2006-08)<br/>Ult table</b> | <b>Indian Assured<br/>Lives Mortality<br/>(2006-08)<br/>Ult table</b> |
| Discount rate (per annum)                          | <b>7.95%</b>                                                          | 8.85%                                                                 |
| Expected rate of return on plan assets (per annum) | <b>8.00%</b>                                                          | 8.00%                                                                 |
| Rate of escalation in salary (per annum)           | <b>6.00%</b>                                                          | 6.00%                                                                 |

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors. The above information is certified by the actuary.

### (ii) Compensated Leave (unfunded)

Defined benefit obligation of compensated absence in respect of the employees of the Company is arrived on the basis of actuarial valuation conducted as on 31.03.2015 which works out to ₹ 6,82.30 lakhs. (previous year ₹ 6,22.88 lakhs). Increase in the obligation towards compensated leave has been charged to Profit and loss Statement of ₹ 59.43 lakhs (previous year credited to Profit and loss Statement ₹ 15.18 lakhs).

### 25 Finance costs

|                       |                  |           |
|-----------------------|------------------|-----------|
| Interest Expense      | <b>84,70.42</b>  | 75,95.59  |
| Other borrowing costs | <b>38,84.94</b>  | 26,03.15  |
| Other Interest        | <b>11.26</b>     | 46.00     |
| <b>Total</b>          | <b>123,66.62</b> | 102,44.74 |

### 26 Expenditure on Corporate Social Responsibility (CSR) activities

|                                                                           |                |   |
|---------------------------------------------------------------------------|----------------|---|
| Promotion of education                                                    | <b>66.57</b>   | - |
| Sanitation and drinking water                                             | <b>57.61</b>   | - |
| Health care                                                               | <b>3.63</b>    | - |
| Promotion of art and culture, education, sports and upliftment of society | <b>17.96</b>   | - |
| <b>Total</b>                                                              | <b>1,45.77</b> | - |

### Note on CSR activities

a. Gross amount required to be spent by the Company during the year : ₹ 1,76.84 Lakhs.

b. Amount spent during the year - ₹ 1,45.77 lakhs on:

|                                             | In cash | Yet to be paid<br>in cash | Total   |
|---------------------------------------------|---------|---------------------------|---------|
| (i) Construction / acquisition of any asset | 79.78   | 41.18                     | 1,20.96 |
| (ii) On purposes other than (i) above       | 24.81   | -                         | 24.81   |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

|           |                                                | (₹ in Lakhs)             |                          |
|-----------|------------------------------------------------|--------------------------|--------------------------|
|           | Particulars                                    | Year ended<br>31.03.2015 | Year ended<br>31.03.2014 |
| <b>27</b> | <b>Other expenses</b>                          |                          |                          |
|           | Consumption of stores and spares               | 8,88.80                  | 8,83.14                  |
|           | Power, fuel and water                          | 240,94.94                | 458,43.41                |
|           | Packing material consumed and handling charges | 42,45.09                 | 46,95.54                 |
|           | Transportation                                 | 92,44.02                 | 100,40.63                |
|           | Exchange (Gain)/ Loss                          | 19,00.57                 | 52,59.27                 |
|           | Repairs and maintenance                        |                          |                          |
|           | Plant and machinery                            | 24,71.19                 | 24,85.04                 |
|           | Buildings                                      | 1,71.95                  | 1,31.41                  |
|           | Others                                         | 2,47.23                  | 2,88.15                  |
|           | Rent                                           | 5,71.29                  | 3,07.17                  |
|           | Rates and taxes                                | 9.87                     | 14.75                    |
|           | Insurance                                      | 4,85.84                  | 6,89.93                  |
|           | Travelling and conveyance                      | 2,96.60                  | 3,05.29                  |
|           | Loss on fixed assets sold / discarded (net)    | 1,57.86                  | 33.56                    |
|           | Directors' sitting fees                        | 6.29                     | 7.53                     |
|           | Payments to the Auditor                        |                          |                          |
|           | As Auditor                                     | 12.00                    | 10.00                    |
|           | For other services                             | 6.35                     | 4.38                     |
|           | For reimbursement of expenses                  | 1.71                     | 1.76                     |
|           | Miscellaneous Expenses                         | 63,54.94                 | 71,16.57                 |
|           | <b>Total</b>                                   | <b>511,66.54</b>         | <b>781,17.53</b>         |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lakhs)

| Particulars                                                                                    | As at<br>31.03.2015 | As at<br>31.03.2014 |
|------------------------------------------------------------------------------------------------|---------------------|---------------------|
| <b>28 Capital and Other Commitments</b>                                                        |                     |                     |
| Estimated amount of contracts remaining to be executed on Capital Account and not provided for | 40,62.30            | 57,48.65            |
| <b>29 Contingent Liabilities</b>                                                               |                     |                     |
| a) Outstanding Bank Guarantees                                                                 | 7,37.83             | 6,84.18             |
| b) Claims against the Company not acknowledged as debt.                                        |                     |                     |
| i) Disputed customs duty liability under appeal by Company before CESTAT                       | 90.60               | 90.60               |
| ii) Disputed Income-tax liability                                                              | 4,27.77             | 4,27.77             |

**30** The amount due to Micro, Small and Medium Enterprises as on 31.3.2015 is Nil (Nil).

### 31 Segment Reporting

The Company's business comprises of manufacture, purchase and sale of fertilizers and related products constituting a single segment. The sales of these products are predominantly made in India. Hence, the segment information as per "Accounting Standard 17 – Segment Reporting" is not required to be disclosed.

### 32 Related Party Disclosures

#### a) List of related parties:

##### Key Management Personnel

Deepak Anand, Managing Director  
K. Prabhakar Rao, Whole-time Director  
K. Raghuvveeran, Company Secretary\*  
T. M. Muralidharan, Chief Financial Officer\*

#### b) Transactions with related parties:

(₹ in Lakhs)

| Particulars  | 2014-15                  | 2013-14                  |
|--------------|--------------------------|--------------------------|
|              | Key Management Personnel | Key Management Personnel |
| Remuneration | 1,69.53                  | 1,46.92                  |

\* Mr. K. Raghuvveeran was Chief Financial Officer and Company Secretary until 7/8/2014. Mr. T. M. Muralidharan, Vice President – Finance was appointed as Chief Financial Officer w.e.f. 7/8/2014 and Mr. K. Raghuvveeran continued as Company Secretary.

### 33 Earnings per share

|                                                                                             |         | 2014-15      | 2013-14      |
|---------------------------------------------------------------------------------------------|---------|--------------|--------------|
| Profit after taxation as per Profit and Loss statement attributable to equity share holders | ₹ Lakhs | 37,54.04     | 70,93.41     |
| Weighted average number of equity shares outstanding                                        | Nos.    | 11,85,15,150 | 11,85,15,150 |
| Basic and diluted earnings per share in rupees (face value – ₹ 10 per share)                | ₹       | 3.17         | 5.99         |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lakhs)

### 34 Finance Leases

- a) The Company has acquired some vehicles on finance lease. The minimum lease rentals outstanding as of 31st March, 2015 in respect of these assets are as follows:

|                                                          | Total Minimum Lease Payments outstanding |              | Future interest on Outstanding |              | Present value of minimum lease payments |              |
|----------------------------------------------------------|------------------------------------------|--------------|--------------------------------|--------------|-----------------------------------------|--------------|
|                                                          | 31.03.2015                               | 31.03.2014   | 31.03.2015                     | 31.03.2014   | 31.03.2015                              | 31.03.2014   |
| i) Payable not later than 1 year                         | 28.48                                    | 44.48        | 2.36                           | 7.62         | 26.12                                   | 36.86        |
| ii) Payable later than 1 year and not later than 5 years | 3.71                                     | 32.19        | 0.05                           | 2.41         | 3.66                                    | 29.78        |
| iii) Payable later than 5 years                          | -                                        | -            | -                              | -            | -                                       | -            |
| <b>Total</b>                                             | <b>32.19</b>                             | <b>76.67</b> | <b>2.41</b>                    | <b>10.03</b> | <b>29.78</b>                            | <b>66.64</b> |

- b) General Description of Lease terms:

- Lease rentals are charged on the basis of agreed terms.
- Assets are taken on lease over a period of 3/5 years.

### 35 Accounting for taxes on Income

In accordance with the "Accounting Standard 22 – Accounting for Taxes on Income", issued by the Institute of Chartered Accountants of India, the Company has recognised ₹ 20,39.62 lakhs as deferred tax credit (net) for the current year which includes ₹ 1,13.75 lakhs adjusted in the retained earnings.

| Particulars                                  | Deferred tax (Asset) / Liability as on 31.3.2014 | Current year Charge / (Credit) | Deferred tax (Asset) / Liability as on 31.3.2015 |
|----------------------------------------------|--------------------------------------------------|--------------------------------|--------------------------------------------------|
| Business Loss and unabsorbed Depreciation    | (34,12.65)                                       | (70,82.11)                     | (104,94.76)                                      |
| Other deferred tax assets                    | (7,57.61)                                        | 35.51                          | (7,22.10)                                        |
| Difference between book and tax depreciation | 105,22.78                                        | 50,06.98                       | 155,29.76                                        |
| <b>Total</b>                                 | <b>63,52.52</b>                                  | <b>(20,39.62)</b>              | <b>43,12.90</b>                                  |

- 36 As per the practice consistently followed by the Company, the concession rate for Urea has been recognised based on latest notification rates under NPS-III and further adjusted with input price escalation/(de-escalation) aggregating ( ₹ 176,56.36 lakhs) for the year 2014-15 as estimated by Management (previous year ₹ 24,10.50 lakhs).

### 37 Value of imported and indigenous Raw materials and Spare Parts Consumed

|              | Imported   |       |            |       | Indigenous |       |          |       |
|--------------|------------|-------|------------|-------|------------|-------|----------|-------|
|              | 2014-15    |       | 2013-14    |       | 2014-15    |       | 2013-14  |       |
|              | Value      | %     | Value      | %     | Value      | %     | Value    | %     |
| Raw Material | 1007,15.62 | 89.93 | 1401,99.79 | 97.20 | 112,75.51  | 10.07 | 40,32.34 | 2.80  |
| Spare Parts  | 87.53      | 13.20 | 1,73.36    | 15.67 | 5,75.68    | 86.80 | 9,33.28  | 84.33 |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

|                                                     | (₹ in Lakhs)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                    |
|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
|                                                     | 2014-15                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 2013-14            |
|                                                     | Value                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Value              |
| <b>38 C.I.F. Value of Imports</b>                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                    |
| Capital Goods                                       | 1,10.80                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 85,17.63           |
| Spare Parts                                         | 68.18                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 3,15.73            |
| Raw Materials                                       | 473,93.69                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 432,20.35          |
| Fuel oil                                            | 16,87.91                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | -                  |
| Traded Goods                                        | 637,97.56                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 592,97.83          |
|                                                     | <b>1,130,58.14</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>1,113,51.54</b> |
| <b>39 Expenditure in Foreign Currency</b>           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                    |
| Travel                                              | 24.18                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 24.45              |
| Consultancy                                         | 86.32                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | -                  |
| Interest                                            | 4,25.88                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 3,02.16            |
| Others                                              | 57.13                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 1,63.89            |
|                                                     | <b>5,93.51</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>4,90.50</b>     |
| <b>40 Earnings in Foreign Currency</b>              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                    |
| Exports (F.O.B. Value)                              | 89.22                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 1,76.33            |
|                                                     | <b>89.22</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>1,76.33</b>     |
| <b>41 Proposed Dividend to Equity Shareholders:</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                    |
| a) Amount per share (In Rupees)                     | 0.60                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1.20               |
| b) Proposed dividend                                | 7,11.09                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 14,22.18           |
| <b>42</b>                                           | In accordance with the Companies Act, 2013, the Company has during the current financial year revised the useful life of its fixed assets to comply with the useful life as per Schedule II to the Companies Act, 2013. As per the transition provision, the Company has adjusted ₹ 2,20.92 lakhs (net of deferred tax of ₹ 1,13.75 Lakhs) with the opening balances of the retained earnings and has also adjusted ₹ 2,44.55 Lakhs with the opening balance of the Revaluation Reserve. Had the Company continued to follow the earlier useful life of its fixed assets, the depreciation expense for the year ended 31st March 2015 would be higher by ₹ 8,82.03 Lakhs and the Profit before Tax for the year ended 31st March 2015 would have been lower by ₹ 8,82.03 Lakhs. |                    |
| <b>43</b>                                           | Certain line items which are specified in the prescribed format of the schedule III, wherever amount is nil for current and previous year are not shown.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                    |
| <b>44</b>                                           | Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                    |

For **K. P. Rao & Co.**  
Chartered Accountants  
Firm Regn. No. 003135S

**K. Viswanath**  
Partner  
Membership No. 022812

Mumbai  
May 29, 2015

**Deepak Anand**  
Managing Director

**K. Raghuvveeran**  
Company Secretary

**K. Prabhakar Rao**  
Director - Works

**T. M. Muralidharan**  
Chief Financial Officer

Registered Office: Level 11, UB Tower, UB City, 24, Vittal Mallya Road Bangalore – 560 001  
Tel. No. 080-3985 5500 / 3985 6000, Fax No. 080-3985 5588  
email : shares@mangalorechemicals.com Website : www.mangalorechemicals.com  
CIN : L24123KA1966PLC002036

Dear Shareholder,

**Sub: Dividend**

You will be aware that the Board of Directors of the Company, at its meeting held on May 29, 2015, recommended a dividend of ₹0.60 per equity share of ₹ 10/- subject to the approval of the members at the Annual General Meeting scheduled to be held on September 29, 2015.

To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrants, the Company has provided a facility to the members for remittance of dividend through the National Electronic Clearing Services (NECS). NECS essentially operates on the new and unique bank account number allotted by banks post implementation of Core Banking Solution(CBS) for centralized processing on inward instructions and efficiency in handling bulk transaction. This facility is available at locations identified by Reserve Bank of India from time to time. This is in addition to the existing facility of ECS in other locations.

Members holding shares in electronic mode are requested to intimate all changes pertaining to their bank details to their Depository Participant and not to the Company or Company's Share Transfer Agent, in order to arrange the dividend payment by NECS or through warrant by printing the bank details, as the case may be.

Members who hold shares in physical form and desirous of availing this facility are requested to use the format below, to furnish the bank details of the first named shareholder and send the same to the Company/Share Transfer Agent, not later than September 21, 2015 to update the bank details and arrange the dividend payment by NECS or through warrant by printing the bank details, as the case may be.

----- TEAR OFF -----



Registered Office: Level 11, UB Tower, UB City, 24, Vittal Mallya Road Bangalore – 560 001  
Tel. No. 080-3985 5500 / 3985 6000, Fax No. 080-3985 5588  
email : shares@mangalorechemicals.com Website : www.mangalorechemicals.com  
CIN : L24123KA1966PLC002036

**NECS/ECS Mandate/Bank details updation Form**

**For the use of members holding shares in physical form only**

I/We hereby provide the Bank account details of the first named shareholder for arranging payment of dividend through NECS/ECS, if available for the location OR to print the bank details on the dividend warrant as the case may be.

|                                                                    |                                                                                                           |
|--------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| 1. Folio number                                                    |                                                                                                           |
| 2. Name of the first named shareholder                             |                                                                                                           |
| 3. Bank name                                                       |                                                                                                           |
| 4. Bank account number (Core Banking No.)                          |                                                                                                           |
| 5. Account type (SB/OD/CURR/NRO)                                   |                                                                                                           |
| 6. Nine Digit MICR code appearing on the cheque issued by the bank | Please attach a photocopy of the cheque leaf pertaining to the above account for verification/acceptance. |

I/We hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I/We will not hold the Company responsible.

1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_  
Signature of shareholder(s)



---

An ISO 14001 Certified Company

If undelivered, please return to:

**Mangalore Chemicals & Fertilizers Ltd.,**

Level 11, UB Tower, UB City,

24, Vittal Mallya Road

Bangalore - 560 001

[www.mangalorechemicals.com](http://www.mangalorechemicals.com)

## NOTICE

To

**The Members,**

Notice is hereby given that the Forty Eighth Annual General Meeting of the Members of the Company will be held on **Tuesday, September 29, 2015 at 10.30 AM at Conference Hall, 1st Floor, UB Tower, UB City, No. 24, Vittal Mallya Road, Bangalore – 560 001** to transact the following businesses:

### ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at March 31, 2015, the statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Statutory Auditors.
2. To declare dividend.
3. To ratify the appointment of M/s. K P Rao & Company, Chartered Accountants, (Registration Number 003135S) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be mutually agreed upon between the Board of Directors and the Statutory Auditors.

### SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:  
RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with all other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the applicable provisions of the Listing Agreement, Mr. Akshay Poddar (DIN: 00008686), in respect of whom the Company has received a notice in writing from a member pursuant to the requirements of Section 160 of the Act proposing his candidature for appointment as a Director, be and is hereby appointed as Director of the Company, liable to retire by rotation.
5. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:  
RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and the applicable provisions of the Listing Agreement, Mr. Kapil Mehan (DIN: 01215092), in respect of whom the Company has received a notice in writing from a member pursuant to the requirements of Section 160 of the Act proposing his candidature for appointment as a Director, be and is hereby appointed as Director of the Company, liable to retire by rotation.
6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:  
RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and the applicable provisions of the Listing Agreement, Mr. Suresh Krishnan (DIN: 00021965), in respect of whom the Company has received a notice in writing from a member pursuant to the requirements of Section 160 of the Act proposing his candidature for appointment as a Director, be and is hereby appointed as Director of the Company, liable to retire by rotation.
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:  
RESOLVED THAT pursuant to the provisions of section 148 of Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), payment of remuneration of ₹1,00,000/- (Rupees One lakh only) exclusive of service tax and other statutory levies, if any, and reimbursement of actual expenses incurred on travel, accommodation and other out-of-pocket expenses to Mr. P R Tantri, Cost Accountant (Membership Number 2403), for conducting audit of cost records of the Company for the Financial Year 2015-16, be and is hereby ratified and confirmed.
8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:  
RESOLVED THAT in compliance with and subject to the provisions of the Companies Act, 2013 and the rules framed thereunder, the listing agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited, and any relevant circulars and

regulations issued by the Securities and Exchange Board of India from time to time (including circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014), as may be applicable, the transactions / contracts / arrangements entered / to be entered into by the Company with Zuari Fertilisers and Chemicals Limited for purchase / sale of goods, availing / rendering of services, transfer of resources, sales and marketing services and cost recharge for the financial year 2015-2016 be and are hereby approved

RESOLVED FURTHER THAT the Board is hereby authorized to do, perform, or cause to be done all such acts, deeds, matters and things as may be necessary or desirable, and do all other acts and things as may be incidental, necessary or desirable to give effect to the above resolution.

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

RESOLVED THAT in compliance with and subject to the provisions of the Companies Act, 2013 and the rules framed thereunder, the listing agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited, and any relevant circulars and regulations issued by the Securities and Exchange Board of India from time to time (including circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014), as may be applicable, the transactions / contracts / arrangements entered / to be entered into by the Company with Zuari Agro Chemicals Limited for purchase / sale of goods, availing / rendering of services, transfer of resources, sales and marketing services and cost recharge for the financial year 2015-2016 be and are hereby approved.

RESOLVED FURTHER THAT the Board is hereby authorized to do, perform, or cause to be done all such acts, deeds, matters and things as may be necessary or desirable, and do all other acts and things as may be incidental, necessary or desirable to give effect to the above resolution.

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

RESOLVED THAT in compliance with and subject to the provisions of the Companies Act, 2013 and the rules framed thereunder, the listing agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited, and any relevant circulars and regulations issued by the Securities and Exchange Board of India from time to time (including circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014), as may be applicable, the transactions / contracts / arrangements entered / to be entered into by the Company with Paradeep Phosphates Limited for purchase / sale of goods, availing / rendering of services, transfer of resources, sales and marketing services and cost recharge for the financial year 2015-2016 be and are hereby approved.

RESOLVED FURTHER THAT the Board is hereby authorized to do, perform, or cause to be done all such acts, deeds, matters and things as may be necessary or desirable, and do all other acts and things as may be incidental, necessary or desirable to give effect to the above resolution

Bangalore  
August 25, 2015

By the order of the Board

**Vijayamahantesh Khannur**  
Company Secretary



## NOTES

1. An explanatory statement pursuant to Section 102 of the Companies Act, 2013 is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing proxy in prescribed form, in order to be effective should be duly completed, signed and must be sent to the Company so as to reach at the registered office of the Company not later than 48 hours before the commencement of the meeting. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty Members and holding in aggregate not more than ten percent of the total paid-up Share Capital of the Company. Members holding more than ten percent of the total paid up share capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member.
3. The Register of Members and Share Transfer Books will remain closed from September 19, 2015 to September 29, 2015 (both days inclusive) for the purpose of determination of members who are entitled to receive the dividend for the financial year ended March 31, 2015.
4. The relevant information relating to the directors proposed to be appointed/re-appointed at the Annual General Meeting are also attached to this Notice as required under Clause 49 of the Listing Agreement.
5. Dividend as recommended by the Board of Directors for the financial year ended March 31, 2015, if declared, will be payable to those members whose names appear in the Register of Members of the Company in case of members holding physical shares, and in the list of beneficial owners furnished by NSDL and CDSL in case of members holding shares in dematerialized form as at the close of the business hours of September 18, 2015.
6. All relevant documents referred to in the Notice and the statements/reports annexed to Notice shall be open for inspection by Members at the Registered Office of the Company during normal business hours between 11.00 a.m. and 1.00 p.m. on all working days (except Saturdays, Sundays and Public Holidays) up to the date of the Annual General Meeting of the Company.
7. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the dividend amount remaining unclaimed/unpaid for a period of seven years from the due date of payment shall be transferred to the Investor Education and Protection Fund (IEPF) established by Central Government. Members who have not yet encashed their dividend warrant(s) are requested to make their claims without any delay as no claims shall lie against the IEPF or the Company after such transfer of unclaimed dividend to the IEPF.

**IT MAY BE NOTED THAT THE UNCLAIMED DIVIDEND PERTAINING TO THE FINANCIAL YEAR 2007-08 IS DUE FOR TRANSFER TO THE CENTRAL GOVERNMENT (INVESTOR EDUCATION AND PROTECTION FUND) AND THE SAME CAN BE CLAIMED FROM THE COMPANY ON OR BEFORE OCTOBER 22, 2015.**

8. Electronic copy of the Notice of the 48th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email IDs, physical copies of the Notice of the 48th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent in the permitted mode. This notice has been placed on the website of the Company i.e., [www.mangalorechemicals.com](http://www.mangalorechemicals.com).
9. Pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to provide the members the facility to exercise their right to vote at the 48th Annual General Meeting by way of remote e-voting i.e., casting votes by a member using an electronic voting system from a place other than venue of a general meeting, and the business may be transacted through e-voting services provided by Central Depositories Services (India) Limited. The ballot or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting. Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

The Company has appointed Mr. Sudhindra K S, Practicing Company Secretary (Membership No. FCS 7909 and CP No 8190), who is willing to be appointed and is, in the opinion of the Board, a duly qualified person and can scrutinize the voting and remote e-voting process in a fair and transparent manner, as a Scrutinizer. After the conclusion of the voting at the meeting, the Scrutinizer shall count votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of atleast two witnesses not in the employment of the Company

and provide a consolidated Scrutinizer's report of the total votes cast, within a period of three days from the date of conclusion of the meeting, to the Chairman or a person authorized by him in writing who shall countersign the same. The Chairman or a person authorized by him in writing shall declare the result of the voting forthwith. The results declared along with the Scrutinizer's report shall be placed immediately on the Company's website i.e., [www.mangalorechemicals.com](http://www.mangalorechemicals.com) and on the website of CDSL i.e., [www.cdslindia.com](http://www.cdslindia.com) and communicated to the Stock Exchanges

**The instructions for shareholders voting electronically are as under:**

- i. The remote e-voting period begins at 9.00 am on September 24, 2015 and ends at 5.00 pm on September 28, 2015. The facility for remote e-voting shall forthwith be blocked at the end of the period of remote e-voting.
- ii. The cut-off date for determining the eligibility to vote by electronic means or in the Annual General Meeting shall be September 22, 2015. Members who are holding shares on cut-off date are only eligible for remote e-voting and attending Annual General Meeting.
- iii. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- iv. Click on "Shareholders" tab.
- v. Now Enter your Login ID.
  - a. For CDSL: 16 digits beneficiary ID;
  - b. For NSDL: 8 Character DP ID followed by 8 digit client ID;
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi. Next enter the Image Verification as displayed and Click on Login.
- vii. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- viii. If you are a first time user follow the steps given below:

| For Members holding shares in Demat Form and Physical Form |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PAN                                                        | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the sequence number in the PAN field</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ram with sequence number 1 then enter RA00000001 in the PAN field</li> </ul> |
| DOB                                                        | <p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Dividend Bank Details                                      | <p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>                                                                                                                                                                                                                                             |

- ix. After entering these details appropriately, click on "SUBMIT" tab.
- x. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN of Mangalore Chemicals & Fertilizers Limited to vote.

- xiii. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
  - xiv. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
  - xv. After selecting the Resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
  - xvi. Once you “CONFIRM” your vote on the Resolution, you will not be allowed to modify your vote.
  - xvii. You can also take out print of the voting done by you by clicking on “Click here to print” option on the voting page.
  - xviii. If Demat account holder has forgotten the password then enter the Login ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - xix. Note for Institutional Shareholders & Custodians:
    - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
    - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
    - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
    - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
    - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - xx. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
10. Members / proxy holders are requested to produce the enclosed attendance slip duly completed and signed at the entrance of the meeting venue.
  11. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
  12. The Register of Contracts, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
  13. Members should address all correspondence to the Company’s Registrar and Share Transfer Agent at the following address quoting their Registered Folio Number or Demat Account Number & Depository Participant (DP) ID Number.

Cameo Corporate Services Limited  
Subramanian Building, No. 1, Club House Road, Chennai-600 002  
Phone: 91-44-2846 0390 to 94 Fax : 91-44-2846 0129  
E-mail: [cameo@cameoindia.com](mailto:cameo@cameoindia.com)
  14. The equity shares of the Company are mandated by the Securities and Exchange Board of India for compulsory trading in demat form by all investors. The Company’s shares have been admitted into both the depositories viz. National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL]. The ISIN allotted to the Company’s equity shares is INE558B01017.
  15. Members holding shares in physical form are requested to notify any change in their addresses, mandates/bank details immediately to the Company’s Registrar and Share Transfer Agent, Cameo Corporate Services Limited, Chennai.
  16. Members holding shares in electronic mode are requested to intimate all changes pertaining to their bank details to their Depository Participant in order to arrange the dividend payment by NECS/ECS or through warrant by printing the bank details, as the case may be.

**EXPLANATORY STATEMENT**  
**(Pursuant to Section 102 of the Companies Act, 2013)**

**Item No. 4, 5 and 6**

Zuari Fertilisers and Chemicals Limited, which holds 53.03% of total paid up share capital of the Company has given notice in writing under Section 160 of the Companies Act, 2013 proposing appointment of Mr. Akshay Poddar, Mr. Kapil Mehan and Mr. Suresh Krishnan as Directors of the Company at this Annual General Meeting along with the deposit of ₹ 1,00,000/- each.

Mr. Akshay Poddar, Mr. Kapil Mehan and Mr. Suresh Krishnan are interested in the resolutions set out respectively at Item Nos. 4, 5 and 6 of the Notice in regard to their respective appointments. The relatives of Mr. Akshay Poddar, Mr. Kapil Mehan and Mr. Suresh Krishnan may be deemed to be interested in the resolutions set out respectively at Item Nos. 4, 5 and 6 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financially or otherwise, in the above appointments. The Board accordingly places the Ordinary Resolutions set out at Item Nos. 4, 5 and 6 of the Notice for approval of the members.

**Item No. 7**

In accordance with the provisions of Section 148 of the Companies Act, 2013, and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board of Directors approved the appointment of Mr. P R Tantri, Cost Accountant (Membership Number 2403), as Cost Auditor of the Company for the financial year 2015-16 on a remuneration of ₹ 1,00,000/- (Rupees One lakh only) exclusive of service tax and other statutory levies, if any, and reimbursement of actual expenses incurred on travel, accommodation and other out-of-pocket expenses.

Accordingly, consent of members is sought by an Ordinary Resolution for the remuneration payable to the Cost Auditor for the financial year 2015-16.

None of the Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise in this matter.

**Item No. 8, 9 and 10**

In terms of Clause 49(VII) the equity listing agreements ("Listing Agreement") entered into by the Company with BSE Limited and the National Stock Exchange of India Limited and applicable circulars issued by the Securities and Exchange Board of India ("SEBI") (including circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 ("April 17 Circular") and circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014 ("September 15 Circular"), all material related party transactions require the approval of the shareholders of the Company by way of a Special Resolution.

Zuari Fertilisers and Chemicals Limited (ZFCL), (a wholly owned subsidiary of Zuari Agro Chemicals Limited) has acquired 53.03% equity shares of the Company and therefore the Company has become a subsidiary of ZFCL. ZFCL is a related party of Zuari Agro Chemicals Limited (ZACL) and Paradeep Phosphates Limited (PPL). The Company has entered / proposes to enter into certain transactions / contracts / arrangements, in its ordinary course of business, relating to purchase / sale of goods, availing / rendering of services, transfer of resources, sales and marketing services and cost recharge to and from ZFCL, ZACL and PPL. Since the value of the transactions / contracts / arrangements with ZFCL, ZACL and PPL during the financial year 2015-16 is likely to exceed 10% of the annual turnover of the Company, the approval of the members is sought for the transactions / contracts / arrangements entered / proposed to be entered ZFCL, ZACL and PPL. The transactions / contracts / arrangements with ZFCL, ZACL and PPL are in the ordinary course of business entered / to be entered at an arm's length basis.

In accordance with the Listing Agreement as amended by the September 15 Circular, all entities falling under the definition of related parties are required to abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

**Details of the related party transactions**

**Term:** There is no specified term of the transactions / contracts / arrangements but reviewed on annual basis.

**Related Parties:** Zuari Fertilisers and Chemicals Limited (a member of the Company), Zuari Agro Chemicals Limited, Paradeep Phosphates Limited.

**Nature of transactions / contracts / arrangements:** Purchase / Sale of goods, Availing / Rendering of services, Transfer of resources, Sales and marketing services, cost recharge to and from related parties etc.

**Materiality:** The consideration payable by/to the Company by/to related parties individually, during the financial year 2015-16 in terms of the agreements, if required to be aggregated with the amounts under other agreements involving other relevant transactions, may exceed the threshold of 10% of the annual turnover of the Company as per its last audited financial statements.

The Resolutions under item No. 8, 9 and 10 are placed for the approval by the shareholders as Special Resolutions. None of the Directors / Key Managerial Personnel of the Company / their relatives are, except Mr. Akshay Poddar, Mr. Kapil Mehan and Mr. Suresh Krishnan being the Director / Key Managerial Personnel of the related parties, in any way, concerned or interested, financially or otherwise in this matter.

**Additional information pursuant to Clause 49 of the Listing Agreement – Details of the Directors seeking appointment.**

| Name of the Director                                | Akshay Poddar                                                                                                                                                                                                        | Kapil Mehan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Suresh Krishnan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date of Birth                                       | July 20, 1976                                                                                                                                                                                                        | May 30, 1958                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | June 3, 1964                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Qualification                                       | Honors in Accounting and Finance from London School of Economics and Political Science, University of London.                                                                                                        | Graduate in Veterinary Science and Animal Health from Punjab Agricultural University, Ludhiana and PGDM with specialization in Agriculture from Indian Institute of Management, Ahmedabad.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | B.E (Hons.) and M.Sc. from BITS (Pilani).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Inter-se relationship with Directors of the Company | None                                                                                                                                                                                                                 | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Expertise in Functional area                        | Over 14 years of track record of promoting and managing businesses in diversified industries like fertilizers, agri-inputs, heavy engineering, sugar, consumer products, real estate, investments and furniture etc. | Mr. Mehan has got rich experience and background in varied leadership roles. His career initially started with Rallis India where he served for 15 years and then he moved on to Tata Chemicals in 1996 and served in various roles including Executive Director, overseeing crop nutrition and agri business. He joined Coromandel International in October, 2010 and has served as its Managing Director till February, 2015. He is known for his knowledge of agriculture, agri business and agricultural input markets in India. He was awarded the “India Innovator of the Year” Award by CNBC-TV18 at the India Business Leader Awards, 2014 and also the prestigious “India’s Best CEO Award, 2014” in Agriculture and Allied category, by Business Today. Mr. Mehan is an active member of several industry bodies and has joined the Adventz Group as the Managing Director of Zuari Agro Chemicals Limited w.e.f. 1st April, 2015. | With 28 years of corporate experience in fertiliser, energy and cement sectors, Mr. Krishnan has been associated with the Adventz Group for over two decades and has been widely acknowledged for his leadership, vision and commitment. His functional experience spans corporate finance, corporate strategy, projects planning, operations and business development. Over the years, he has been instrumental in financing of large greenfield projects in the domestic and international markets, forging and managing joint ventures and acquisitions and in executing turnaround strategies alongside day-to-day operations in the manufacturing sector. An alumnus of BITS (Pilani), Mr. N. Suresh Krishnan is on the Board of Directors of several Adventz group companies and joint ventures. |

| Name of the Director                                | Akshay Poddar                                                                                                                                                                                                 |        | Kapil Mehan                                                                                                                                                                                                 |        | Suresh Krishnan                                                                                                                                                                                                                                  |        |
|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| Directorships in other Public Companies             | Director in Adventz Securities Enterprises Limited, Lionel Edwards Ltd, Texmaco Infrastructure & Holdings Limited, Texmaco Rail & Engineering Limited, Zuari Agro Chemicals Limited and Lionel India Limited. |        | Managing Director in Zuari Agro Chemicals Ltd and Paradeep Phosphates Ltd, Director in Zuari Fertilisers and Chemicals Limited, Zuari Agri Sciences Limited and Zuari Rotem Speciality Fertilisers Limited. |        | Managing Director in Zuari Global Limited, Director in Zuari Agro Chemicals Limited, Indian Furniture Products Limited, Zuari Infraworld India Limited, Zuari Fertilisers and Chemicals Limited, Gobind Sugar Mills Ltd and Simon India Limited. |        |
| Membership / Chairmanship in other Public Companies | Chairman                                                                                                                                                                                                      | Member | Chairman                                                                                                                                                                                                    | Member | Chairman                                                                                                                                                                                                                                         | Member |
| Audit Committee                                     | Nil                                                                                                                                                                                                           | 1      | Nil                                                                                                                                                                                                         | Nil    | Nil                                                                                                                                                                                                                                              | 5      |
| Stakeholders' Relationship Committee                | 1                                                                                                                                                                                                             | 2      | Nil                                                                                                                                                                                                         | Nil    | 1                                                                                                                                                                                                                                                | 2      |
| Shareholding in the Company                         | NIL                                                                                                                                                                                                           |        | NIL                                                                                                                                                                                                         |        | NIL                                                                                                                                                                                                                                              |        |

Bangalore  
August 25, 2015

By the order of the Board

**Vijayamahantesh Khannur**  
Company Secretary

**MCF**



Mangalore Chemicals  
& Fertilizers Limited



Registered Office: Level 11, UB Tower, UB City, 24, Vittal Mallya Road Bangalore – 560 001  
Tel. No. 080-3985 5500 / 3985 6000, Fax No. 080-3985 5588  
email : shares@mangalorechemicals.com Website : www.mangalorechemicals.com  
CIN : L24123KA1966PLC002036

### Proxy form

**[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]**

Name of the member(s) : \_\_\_\_\_  
Registered address : \_\_\_\_\_  
E-mail Id : \_\_\_\_\_  
Folio No/ Client Id : \_\_\_\_\_  
DP ID : \_\_\_\_\_

I/We, being the member(s) of ..... shares of the above named company, hereby appoint:

- Name : \_\_\_\_\_ Address : \_\_\_\_\_  
E-mail Id : \_\_\_\_\_ Signature : \_\_\_\_\_ or failing him;
- Name : \_\_\_\_\_ Address : \_\_\_\_\_  
E-mail Id : \_\_\_\_\_ Signature : \_\_\_\_\_ or failing him;
- Name : \_\_\_\_\_ Address : \_\_\_\_\_  
E-mail Id : \_\_\_\_\_ Signature : \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 48<sup>th</sup> Annual General Meeting of the Company, to be held on Tuesday, September 29, 2015 at 10.30 a.m. at Conference Hall, 1st Floor, UB Tower, UB City, No. 24, Vittal Mallya Road, Bangalore – 560 001 and at any adjournment thereof in respect of such resolutions as are indicated below :

| Sl. No. | Resolutions                                                                                                                                           |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1       | Adoption of Financial Statements for the year ended 31 <sup>st</sup> March 2015 and the reports of the Board of Directors and the Statutory Auditors. |
| 2       | Declaration of Dividend.                                                                                                                              |
| 3       | Ratification of appointment of M/s K P Rao & Company, as Statutory Auditors                                                                           |
| 4       | Appointment of Mr. Akshay Poddar as Director                                                                                                          |
| 5       | Appointment of Mr. Kapil Mehan as Director                                                                                                            |
| 6       | Appointment of Mr. Suresh Krishnan as Director                                                                                                        |
| 7       | Ratification of Cost Auditor's remuneration.                                                                                                          |
| 8       | Approval of contracts & arrangements with Zuari Fertilisers and Chemicals Limited                                                                     |
| 9       | Approval of contracts & arrangements with Zuari Agro Chemicals Limited                                                                                |
| 10      | Approval of contracts & arrangements with Paradeep Phosphate Limited                                                                                  |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

Signature of shareholder \_\_\_\_\_

Signature of proxy holder(s) \_\_\_\_\_

Affix Re. I  
Revenue  
Stamp &  
sign

#### Notes:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- A person can act as proxy on behalf of Members upto and not exceeding Fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. Further, a Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member.



*MCF*



Mangalore Chemicals  
& Fertilizers Limited

Registered Office: Level II, UB Tower, UB City, 24, Vittal Mallya Road Bangalore – 560 001

Tel. No. 080-3985 5500 / 3985 6000, Fax No. 080-3985 5588

email : shares@mangalorechemicals.com Website : www.mangalorechemicals.com

CIN : L24123KA1966PLC002036

## Attendance Slip

Please bring this attendance slip and hand it over at the entrance of the venue of the meeting

Name & Address of the shareholder

.....  
.....  
.....  
.....  
.....

FOLIO NO.

DP/ID\*

CLIENT ID\*

\*Applicable to investors holding shares in electronic form

I/We hereby record my/our presence at the **48<sup>th</sup> ANNUAL GENERAL MEETING at Conference Hall, 1st Floor, UB Tower, UB City, No. 24, Vittal Mallya Road, Bangalore – 560 001.**

| Signature of the Member or Proxy |
|----------------------------------|
|                                  |

| Shares Held |
|-------------|
|             |

Shareholders/Proxy holders are requested to bring the attendance slip with them duly completed and hand them over at the entrance.

TEAR OFF

## DETAILS / SCHEDULE OF E-VOTING

|                                        |                                                                                                                                                                                                                            |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| e-Voting period begins on              | September 24, 2015 at 9.00 a.m.                                                                                                                                                                                            |
| e-Voting period ends on                | September 28, 2015 at 5.00 p.m.                                                                                                                                                                                            |
| Name of the Scrutinizer                | Mr. Sudhindra K S, Practicing Company Secretary                                                                                                                                                                            |
| Instruction for exercising your e-vote | Please read the detailed instruction given in the notice                                                                                                                                                                   |
| Help                                   | You may refer FAQs and e-voting manual available at <a href="http://www.evotingindia.com">www.evotingindia.com</a> or write an email to <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> |

TEAR OFF

### Route Map

**VENUE : CONFERENCE HALL, 1<sup>ST</sup> FLOOR, UB TOWER, UB CITY, #24 VITTAL MALLYA ROAD, BENGALURU - 560 001.**

