



# ANNUAL REPORT

## 2022 - 23



**MCF**

Mangalore Chemicals  
& Fertilizers Limited

<b>Directors</b>	:	Akshay Poddar, Chairman Nitin M Kantak, Whole-time Director D A Prasanna, Independent Director Marco Wadia, Independent Director N Suresh Krishnan, Director Kiran Dhingra, Independent Director
<b>Company Secretary</b>	:	Vijayamahantesh Khannur (upto 31.07.2023)
<b>Chief Financial Officer</b>	:	T M Muralidharan
<b>Bankers</b>	:	State Bank of India Union Bank of India Bank of India Punjab National Bank Axis Bank Limited Kotak Mahindra Bank Limited RBL Bank Limited IndusInd Bank Limited IDFC First Bank Limited ICICI Bank Limited IDBI Bank Limited
<b>Statutory Auditors</b>	:	PKF Sridhar & Santhanam LLP
<b>Cost Auditor</b>	:	Y. K. Venkatesh, Bengaluru
<b>Secretarial Auditor</b>	:	S. Kedarnath, Bengaluru
<b>Registered Office</b>	:	Level 11, UB Tower, UB City No. 24, Vittal Mallya Road Bengaluru – 560 001 Tel. No. 080-4585 5599 Fax No. 080-4585 5588 email : <a href="mailto:shares.mcfi@adventz.com">shares.mcfi@adventz.com</a> Website : <a href="http://www.mangalorechemicals.com">www.mangalorechemicals.com</a> CIN : L24123KA1966PLC002036
<b>Works</b>	:	Panambur, Mangaluru – 575 010 Tel. No. 0824-2220 600 Fax No. 0824-2407 938
<b>Share Transfer Agent</b>	:	Cameo Corporate Services Limited Subramanian Building No.1, Club House Road, Chennai – 600 002 Tel. No. 044-2846 0395, Fax No. 044-2846 0129 e-mail: <a href="mailto:investor@cameoindia.com">investor@cameoindia.com</a>

<b>Contents</b>	<b>Page No.</b>
Notice	3
Directors' Report	12
Report on Corporate Governance	25
Management Discussion & Analysis Report	36
Business Responsibility & Sustainability Report	38
Independent Auditors' Report	62
Balance Sheet	69
Statement of Profit & Loss	70
Statement of Cash Flows	71
Statement of Changes in Equity	73
Notes to the Financial Statements	74

This page is intentionally left blank

## NOTICE

To  
**The Members,**

Notice is hereby given that the Fifty Sixth (56<sup>th</sup>) Annual General Meeting ("AGM") of the Members of Mangalore Chemicals & Fertilizers Limited ("the Company") will be held on **Tuesday, September 26, 2023 at 4.30 P.M (IST)** through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM") to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2023, 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 on the equity shares for the financial year 2022-23.
3. To re-appoint Mr. Akshay Poddar (DIN: 00008686), who retires by rotation, and being eligible, offers himself for the re-appointment.

### SPECIAL BUSINESS

#### 4. Appointment of Mrs. Kiran Dhingra (DIN:00425602) as an Independent Director

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

RESOLVED THAT pursuant to the provisions of Sections 149,150,152 read with Schedule IV and all other applicable provisions 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 thereof for the time being in force), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mrs. Kiran Dhingra, (DIN: 00425602 DOB: 12/01/1953), in respect of whom the Company has received a notice in writing from a member under section 160 of the Act, proposing her candidature for appointment as Director, be and is hereby appointed as Independent Director for a term of three (3) years from July 10, 2023 up to July 09, 2026, not be liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts, deeds, things and matters and to take all such steps as may be necessary, proper or expedient to give effect to this resolution.

#### 5. Ratification of payment of remuneration to Cost Auditor

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 the Section 148 of Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), payment of remuneration of INR 2,00,000/- (Rupees Two Lakhs only) exclusive of applicable tax and other statutory levies, if any, and reimbursement of actual expenses incurred on travel, accommodation and other out-of-pocket expenses to Mr. Y K Venkatesh, Cost Accountant (Membership Number 5294), for conducting audit of cost records of the Company for the financial year 2023-24, be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT the Board of Directors is authorized to take all such steps as may be necessary, proper or expedient to give effect to the aforesaid resolution.

**By order of the Board of Directors**

Bengaluru  
August 07, 2023

**Nitin M Kantak**  
Whole-time Director  
DIN: 08029847

### NOTES:

1. An explanatory statement pursuant to Section 102 of the Companies Act, 2013 ("Act") is annexed hereto. Additional information, pursuant to Regulation 36 of the Listing Regulations, in respect of the Director seeking re-appointment/appointment at the AGM, forms part of this Notice.
2. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020, Circular No. 02/2021 dated January 13, 2021, Circular No. 02/2022 dated May 05, 2022 and Circular No. 10/2022 dated December 28, 2022 (hereinafter collectively referred to as "MCA Circulars"). The AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.

3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shares), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circulars and SEBI Circulars dated May 12, 2020, January 15, 2021, May 13, 2022 and January 05, 2023 the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. The Notice of the 56<sup>th</sup> Annual General Meeting along with the Annual Report for the financial year 2022-23 is being sent only by electronic mode to those Members whose email addresses are registered with the Company/Depository Participant(s) in accordance with the aforesaid MCA Circulars and circulars issued by SEBI dated May 12, 2020, January 15, 2021, May 13, 2022 and January 05, 2023. The Notice calling the AGM and Annual Report for the financial year 2022-23 has been uploaded on the website of the Company at [www.mangalorechemicals.com](http://www.mangalorechemicals.com). The Notice and Annual Report for the financial year 2022-23 can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circulars. Since the AGM will be held through VC/OAVM, the route map and attendance slip are not annexed in this Notice.
8. The Company's Registrar & Share Transfer Agents (RTA) are:  
Cameo Corporate Services Ltd.  
Subramanian Building, No. 1, Club House Road  
Chennai - 600 002, Tamil Nadu  
Tel: +91 44-2846 0390/95  
E-mail: [investor@cameoindia.com](mailto:investor@cameoindia.com)  
Website: [www.cameoindia.com](http://www.cameoindia.com)
9. Pursuant to the provisions of Section 124(5) and 125 of the Companies Act, 2013, 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. Pursuant to the provisions of Section 124(6) and Section 125 of the Companies Act, 2013 read with Rule 6 of the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company to the IEPF within 30 days of they becoming due to be transferred.  
  
The members who have a claim on the above dividends and/ or shares may claim the same from the IEPF Authority by submitting an online application in web Form No. IEPF-5 which is available on the website of IEPF Authority at [www.iepf.gov.in](http://www.iepf.gov.in) and by sending a physical copy of the same, duly signed by them to the Company, along with requisite documents enumerated in the Form IEPF-5.
10. The Company has uploaded the details of unpaid and unclaimed amount lying with the Company as on March 31, 2022 on the website of the Company at [http://www.mangalorechemicals.com/investor/investor\\_unclaimed\\_unpaid\\_dividend](http://www.mangalorechemicals.com/investor/investor_unclaimed_unpaid_dividend) as well as on the website of IEPF Authority at [www.iepf.gov.in](http://www.iepf.gov.in).

Following are the details of dividends declared by the Company and respective due dates for transfer of unclaimed dividend to IEPF.

Dividend year	Date of declaration of dividend	Due date for transfer to IEPF
31/03/2017	25/09/2017	30/10/2024
31/03/2018	06/09/2018	10/10/2025
31/03/2019	27/08/2019	29/09/2026
31/03/2020	15/09/2020	15/10/2027
31/03/2021	16/09/2021	21/10/2028
31/03/2022	13/09/2022	17/10/2029

11. Members who have neither received nor cashed their dividend warrant(s) in respect of the earlier years, are requested to make a request letter to the Company/RTA, mentioning the relevant Folio number or DP ID and Client ID, for issuance of duplicate/ revalidated dividend warrant(s). As and when the amount is due, it will be transferred by the Company to Investor Education and Protection Fund. No claim thereof shall lie against the Company after such transfer.
12. Members are advised to avail the facility for receipt of future dividends through National Electronic Clearing Services (NECS). The ECS facility is available at specified locations. Shareholders holding shares in electronic form are requested to contact their respective Depository Participant for availing NECS facility. The Company or our RTA cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates.

13. SEBI has mandated the submission of PAN, KYC details and nomination by holders of physical securities by October 1, 2023 vide its circular dated March 16, 2023. Shareholders are requested to submit their PAN, KYC and nomination details to the Company's RTA. A copy of such forms can be downloaded from the website of the Company at [http://www.mangalorechemicals.com/investor/investor\\_forms\\_format](http://www.mangalorechemicals.com/investor/investor_forms_format) or from the website of our RTA at <https://cameoindia.com/registry-and-share-transfer>. Members holding shares in electronic form are, therefore, requested to submit their PAN to their DP.  
In case a holder of physical securities fails to furnish PAN and KYC details before October 1, 2023 in accordance with the SEBI circular dated March 16, 2023, RTA is obligated to freeze such folios. The securities in the frozen folios shall be eligible to receive payments (including dividend) and lodge grievances only after furnishing the complete documents. If the securities continue to remain frozen as on December 31, 2025, the RTA/the Company shall refer such securities to the administering authority under the Benami Transactions (Prohibitions) Act, 1988, and/or the Prevention of Money Laundering Act, 2002.
14. As per Section 72 of the Act, the facility for submitting nomination is available for members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form SH-13. The form can be downloaded from the Company's website at [http://www.mangalorechemicals.com/investor/investor\\_forms\\_format](http://www.mangalorechemicals.com/investor/investor_forms_format). Members are requested to submit these details to their DP in case the shares are held by them in electronic form, and to the RTA, in case the shares are held in physical form.
15. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or Arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 will be available electronically for inspection by the Members on the website of the Company at [www.mangalorechemicals.com](http://www.mangalorechemicals.com) during the time of AGM.
16. To support the 'Green Initiative' taken by the Ministry of Corporate Affairs, to contribute towards the Greener Environment and to receive all documents, Notices, including Annual Reports and other communications of the Company, investors should register their e-mail addresses with RTA if shares are held in physical mode or with the Depository Participant, if the shares are held in electronic mode.
17. On and from April 1, 2019, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form. In addition to that, as per the recent amendments to SEBI LODR effective from January 24, 2022 and SEBI's Circular dated January 25, 2022, it has been mandated that listed companies shall henceforth issue the securities in dematerialized form only while processing the service requests for (a) issue of duplicate securities certificate; (b) claim from Unclaimed Suspense Account; (c) Renewal/Exchange of securities certificate; (d) Endorsement; (e) Sub-division/Splitting of securities certificate; (f) Consolidation of securities certificates/folios; (g) Transmission and (h) Transposition.  
In accordance with the said Circular, our RTA shall verify and process the service requests and thereafter issue a 'Letter of confirmation' in lieu of physical securities certificate(s), to the securities holder/claimant. Such 'Letter of Confirmation' shall be valid for a period of 120 days from the date of its issuance, within which the securities holder/claimant shall make a request to the Depository Participant for dematerializing the said securities, failing which the Company/RTA will credit the securities to the Suspense Escrow Demat Account of the Company.
18. Register of Members and Share Transfer Books will remain closed from September 20, 2023 to September 26, 2023 (both days inclusive) for the purpose of determination of members who are entitled to receive the dividend for the financial year 2022-23, if declared.
19. Members may note that the Income Tax Act, 1961, ("the IT Act") as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a company after April 01, 2020 shall be taxable in the hands of members. The Company shall therefore be required to deduct tax at source (TDS) at the time of making the payment of final dividend. In order to enable us to determine the appropriate TDS rate as applicable, members are requested to submit the following documents in accordance with the provisions of the IT Act.

For resident shareholders, taxes shall be deducted at source under Section 194 of the IT Act as follows:

Members having valid PAN	10%* or as notified by the Government of India
Members not having PAN/valid PAN	20% or as notified by the Government of India

\*As per the Finance Act, 2021, Section 206AB has been inserted effective July 1, 2021, wherein the higher rate of tax (twice the specified rate) would be applicable on payment made to a shareholder who is classified as 'Specified Person' as defined under Section 206AB of the Finance Act, 2021.

\*As per Section 139AA of the IT Act, every person who has been allotted a PAN and who is eligible to obtain Aadhaar, shall be required to link the PAN with Aadhaar. In case of failure to comply with this, the PAN allotted shall be deemed to be invalid/inoperative and he shall be liable to all consequences under the IT Act and tax shall be deducted at the higher rates as prescribed under the IT Act.

However, no tax shall be deducted on the dividend payable to resident individual shareholders if the total dividend to be received by them during the current Financial Year does not exceed ₹5,000 and also in cases where members provide Form 15G/Form 15H (Form 15H is applicable to resident individual shareholders aged 60 years or more) subject to conditions specified in the IT Act. Resident shareholders may also submit any other document as prescribed under the IT Act to claim a lower/nil withholding of tax. PAN is mandatory for members providing Form 15G/15H or any other document as mentioned above.



For non-resident shareholders, taxes are required to be withheld in accordance with the provisions of Section 195 and other applicable sections of the IT Act, at the rates in force. The withholding tax shall be at the rate of 20%\*\* (plus applicable surcharge and cess) or as notified by the Government of India on the amount of dividend payable. However, as per Section 90 of the IT Act, non-resident shareholders have the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA), read with Multilateral Instrument (MLI) between India and the country of tax residence of the shareholders, if they are more beneficial to them. For this purpose, i.e. to avail the benefits under the DTAA read with MLI, non-resident shareholders will have to provide the following:

- Copy of the PAN card allotted by the Indian income tax authorities duly attested by the shareholders or details as prescribed under rule 37BC of the Income-tax Rules, 1962.
- Copy of the Tax Residency Certificate for the current Financial Year obtained from the revenue or tax authorities of the country of tax residence, duly attested by shareholders.
- Electronic Form 10F as per notification no. 03/2022 dated July 16, 2022 issued by the Central Board of Direct Tax [Notification can be read under notification-no-3-2022-systems.pdf ([incometaxindia.gov.in](https://www.incometaxindia.gov.in))]. Form 10F can be obtained electronically through the e-filing portal of the income tax website at <https://www.incometax.gov.in/iec/foportal>.
- Self-declaration by the shareholders of having no permanent establishment in India in accordance with the applicable tax treaty.
- Self-declaration of beneficial ownership by the non-resident shareholder.
- Any other documents as prescribed under the IT Act for lower withholding of taxes, if applicable, duly attested by the shareholders.

In case of Foreign Institutional Investors (FII)/Foreign Portfolio Investors (FPI), tax will be deducted under Section 196D of the IT Act at the rate of 20%\*\* (plus applicable surcharge and cess) or the rate provided in relevant DTAA, read with MLI, whichever is more beneficial, subject to the submission of the above documents, if applicable.

\*\*As per the Finance Act, 2021, Section 206AB has been inserted effective July 01, 2021, wherein the higher rate of tax (twice the specified rate) would be applicable on payment made to a shareholder who is classified as 'Specified Person' as defined under the provisions of the aforesaid Section. However, in case of a non-resident shareholder or a non-resident FPI/FII, the higher rate of tax as mentioned in Section 206AB shall not apply if such non-resident does not have a permanent establishment in India.

The aforementioned documents are required to be sent to Company or to the Share Transfer Agent before September 25, 2023.

The resident shareholders can upload the above said Form on the registrar's website – <https://investors.cameoindia.com> or by emailing the same to [investor@cameoindia.com](mailto:investor@cameoindia.com) by September 25, 2023.

## 20. Voting Process:

### A. Process and manner for members opting to vote through electronic means:

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the businesses to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

### THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:

- The remote e-voting period begins on September 22, 2023 at 10.00 AM (IST) and ends on September 25, 2023 at 5.00 PM (IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 19, 2023 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- Shareholders who have already voted prior to the meeting date would not be entitled to vote during the meeting.
- Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/websites of Depositories/Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

**Step 1:** Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with <b>CDSL Depository</b>	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi/Easiest facility, can login through their existing user ID and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/Easiest are <a href="https://web.cdslindia.com/myeasinew/home/login">https://web.cdslindia.com/myeasinew/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi/Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by Company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasinew/Registration/EasiRegistration">https://web.cdslindia.com/myeasinew/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered mobile &amp; email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
Individual Shareholders holding securities in demat mode with <b>NSDL Depository</b>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a personal computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on Company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS" Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a personal computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants (DP)</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at above mentioned website.



**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33.
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30.

**Step 2 :** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (v) Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.
- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - 2) Click on "Shareholders" module.
  - 3) Now enter your User ID;
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
  - 4) Next enter the Image Verification as displayed and Click on Login.
  - 5) 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 e-voting of any company, then your existing password is to be used.
  - 6) If you are a first-time user follow the steps given below:

	<b>For Physical shareholders and other than individual shareholders holding shares in Demat.</b>
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or Company, please enter the member id/folio number in the Dividend Bank details field.</li> </ul>

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN of MCFL.
- (x) 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.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) 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.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.

(xvii) **Additional Facility for Non – Individual Shareholders and Custodians – For Remote Voting only:**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
- 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 a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, 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.
- Alternatively Non Individual shareholders are required mandatory to send the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at [sudhir.compsec@gmail.com](mailto:sudhir.compsec@gmail.com) and to the Company at the email address viz; [shares.mcfi@adventz.com](mailto:shares.mcfi@adventz.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for remote e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops/iPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7 days prior to meeting mentioning their name, demat account number/folio number, email ID, mobile number at [shares.mcfi@adventz.com](mailto:shares.mcfi@adventz.com).
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending upon the availability of time.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES:**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company at [shares.mcfi@adventz.com](mailto:shares.mcfi@adventz.com) / RTA at [investor@cameoindia.com](mailto:investor@cameoindia.com).
2. For Demat shareholders -, Please update your email ID & mobile no. with your respective Depository Participant (DP).
3. For Individual Demat shareholders – Please update your email ID & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no. 1800 22 55 33.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400 013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call toll free no. 1800 22 55 33.

## **B. General instruction/information for Members for voting on the Resolutions:**

- a) The voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company, subject to the provisions of the Section 108 of the Companies Act, 2013 and Rules made thereunder, as amended, as on the cut-off date, being September 19, 2023. The person who is not a member as on cut-off date should treat this notice for information purpose only. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the Notice of AGM and holding shares as on the cut-off September 19, 2023, may please refer the voting instructions in the AGM Notice for remote e-voting/e-voting.
- b) Mr. Sudhir V Hulyalkar, Practicing Company Secretary (Membership No. FCS 6040 and CP No. 6137) has been appointed by the Board of Directors of the Company as the Scrutinizer for scrutinizing the remote e-voting process as well as voting during the meeting, in a fair and transparent manner.
- c) The Scrutinizer shall immediately after conclusion of the Annual General Meeting, shall count votes casted on the day of the meeting, thereafter unblock the votes cast through remote e-voting.
- d) The Scrutinizer will submit, within 2 working days of conclusion of the AGM, a consolidated scrutinizer's report, of the total votes cast in favour or against, if any, to the Chairman of AGM or any other Director or Company Secretary authorized by the Chairman of the AGM in writing who will countersign the same and declare the result of the voting forthwith, which shall be displayed on the Notice Board of the Company at its Registered Office. The result will also be displayed on the website of the Company at [www.mangalorechemicals.com](http://www.mangalorechemicals.com), besides being communicated to Stock Exchanges.

## **EXPLANATORY STATEMENT**

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

### **Item No. 4: Appointment of Mrs. Kiran Dhingra (DIN: 00425602) as an Independent Director**

Based on the recommendation of Nomination and Remuneration Committee, the Board by resolution passed on July 10, 2023 approved the appointment of Mrs. Kiran Dhingra (DIN: 00425602) as an Additional Director in the category of Independent Directors for a term of three (3) years w.e.f. July 10, 2023, subject to the approval of the shareholders. A notice has been received in writing from a member under Section 160 of the Companies Act, 2013 proposing appointment of Mrs. Kiran Dhingra as an Independent Director of the Company. The Company has received in writing from Mrs. Kiran Dhingra (i) consent to act as Director of the Company; (ii) intimation to the effect that she is not disqualified from being appointed as Director in terms of Section 164(2) of the Act; and (iii) declaration that she meets the criteria of independence as specified under Section 149 of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In the opinion of the Nomination and Remuneration Committee and the Board, Mrs. Kiran Dhingra fulfils the conditions for appointment as Independent Director as specified in the Act, the Rules made thereunder and the Listing Regulations and she is independent of the management of the Company.

Mrs. Kiran Dhingra is interested in the resolution set out at Item No. 4 of the Notice. The relatives of Mrs. Kiran Dhingra may be deemed to be interested in the resolution set out at Item No. 4 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 appointment.

Accordingly, the consent of the members is sought by a Special Resolution for the item No. 4 of the Notice.

### **Item No. 5: Ratification of payment of remuneration to Cost Auditor**

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 has approved the appointment of Mr. Y K Venkatesh, Cost Accountant (Membership Number 5294), as Cost Auditor of the Company for the financial year 2023-24 on a remuneration of INR 2,00,000/- (Rupees Two Lakhs only) exclusive of applicable 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 2023-24.

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.

**Details of the Director seeking re-appointment/appointment at the forthcoming Annual General Meeting.**

Name of the Director				Mr. Akshay Poddar		Mrs. Kiran Dhingra			
Date of Birth				July 20, 1976		January 12,1953			
Age				47		70			
Inter-se relationship with Directors of the Company				None		None			
Date of First Appointment				September 29, 2015		July 10, 2023			
Qualification				Master of Science in Leadership & Strategy from London Business School. Honors in Accounting and Finance from London School of Economics and Political Science, University of London.		Master's degree in English Literature from Meerut University. Retired IAS Officer of 1975 batch.			
Functional Expertise & Experience including brief resume.				Over 22 years of track record of promoting and managing businesses in diversified industries like fertilizers, agri-inputs, heaving engineering, sugar, consumer, products, real estate, investments and furniture etc.		Skilled in public policy, government administration, strategic planning, industrial development and management, she has several years of corporate experience. She has served as Chairman and Director on the Board of several Central Public Sector Undertakings, and supervised their functioning. She retired in the rank of Secretary to Government of India in 2013.			
In case of Independent Directors, Skills and capabilities required for the role				NA		She has over 30 years of experience in public policies, strategic planning, industrial development and management.			
Terms and Conditions of re-appointment				Re-appointment on retirement by rotation		As per Explanatory Statement			
Directorship held in other companies (excluding foreign companies & Section 8 companies) along with listed entities from which the person resigned in the past 3 years as on 31st March, 2023.				Adventz Securities Enterprises Ltd. Lionel Edwards Limited Lionel India Limited Texmaco Infrastructure & Holdings Ltd. Texmaco Rail & Engineering Ltd. ZuariAgro Chemicals Limited Gobind Sugar Mills Limited (Amalgamated) Simon India Limited ZuariFarmhub Limited Abhishek Holdings Pvt. Ltd. Adventz Finance Pvt. Ltd. Hettich India Private Ltd. TouaxTexmaco Railcar Leasing Pvt. Ltd. Adventz Homecare Pvt. Ltd. Hepo India Pvt. Limited Indian Chamber of Commerce Calcutta The Fertiliser Association of India		Goa Carbon Limited Astra Microwave Products Limited Stovec Industries Limited Indian Register of Shipping Paradeep Phosphates Limited Zuari Agro Chemicals Limited – ceased to be Director w.e.f. 01.04.2021			
Membership/Chairmanship of Committees of public Companies (includes only Audit Committee and Stakeholders Relationship Committee) as on 31st March, 2023				Company	Audit Committee	Stakeholders' Relationship Committee	Company	Audit Committee	Stakeholders' Relationship Committee
				Texmaco Infrastructure & Holdings Ltd.	Member	Member	Goa Carbon Limited	Member	Member
				Texmaco Rail & Engineering Ltd.	-	Chairman	Astra Microwave Products Limited	Member	-
							Paradeep Phosphates Limited	Member	Member
Shareholding in the Company, including shareholding as a beneficial owner.				14,02,431 equity shares		Nil			
Remuneration proposed to be paid				Sitting fee for attending Board and Committee Meetings and the remuneration as approved by the members in the Annual General Meeting held on September 16, 2021		Sitting fee for attending Board and Committee Meetings and the remuneration as approved by the members in the Annual General Meeting held on September 16, 2021			

For other details such as number of meetings of Board of Directors attended during the year and remuneration last drawn i.e. as on March 31, 2023, please refer to the Corporate Governance Report (Annexure 5) of Annual Report.

**By order of the Board of Directors**

Bengaluru  
August 07, 2023

**Nitin M Kantak**  
Whole-time Director  
DIN: 08029847

## DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Fifty Sixth Annual Report of Mangalore Chemicals & Fertilizers Limited ("Company") together with the Audited Statement of Accounts for the financial year ended March 31, 2023.

### 1. FINANCIAL HIGHLIGHTS

(INR in crore)

	2022-23	2021-22
Revenue from operations	<b>3,641.52</b>	2,895.58
EBITDA	<b>340.08</b>	234.62
Finance Costs	<b>104.38</b>	49.40
Depreciation	<b>59.67</b>	50.56
Profit before tax	<b>176.03</b>	134.66
Tax expense	<b>41.37</b>	46.80
Profit after tax	<b>134.66</b>	87.86
Other Comprehensive Income/(Loss)	<b>(0.32)</b>	(0.20)
Total Comprehensive Income	<b>134.34</b>	87.66
Earnings Per Share (Basic & Diluted) INR	<b>11.36</b>	7.41
Net Worth	<b>803.19</b>	683.07

### 2. DIVIDEND

The Board of Directors recommended a dividend of INR 1.50 per equity share of INR 10 each. The Dividend Distribution Policy is available on the website of the Company i.e. [www.mangalorechemicals.com/investor/investor\\_dividenddistribution\\_policy](http://www.mangalorechemicals.com/investor/investor_dividenddistribution_policy)

### 3. REVIEW OF OPERATIONS

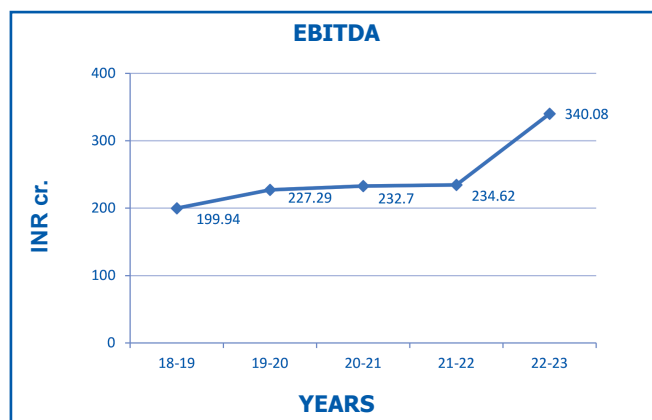
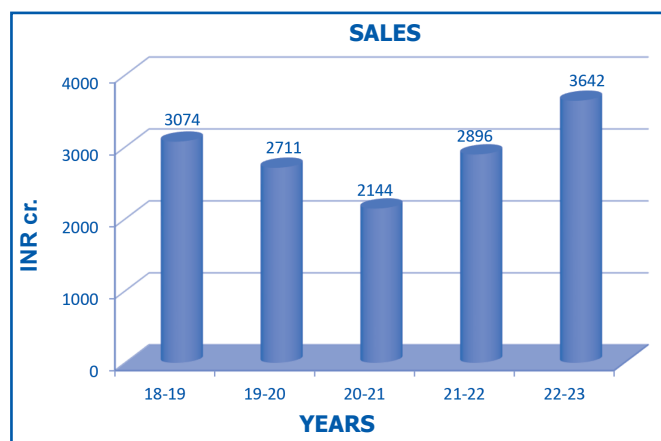
The revenue from operations for the year ended March 31, 2023 was INR 3,641.52 crore as compared to INR 2,895.58 crore for the year ended March 31, 2022.

The profit before tax for the year ended March 31, 2023 was INR 176.03 crore as compared to INR 134.66 crore for the year ended March 31, 2022. Total Comprehensive Income stood at INR 134.34 crore for the year ended March 31, 2023 compared to INR 87.66 crore for the previous year.

### 4. PRODUCTION

#### Urea

Your Company achieved production of 3,31,690 MTs during



the year against the reassessed capacity of 3,79,500 MTs on account of shutdown of urea plant for implementation of Energy Improvement Project in Ammonia Plant compared to 4,29,000 MTs during the previous year with necessary approval.

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

Your Company produced 2,29,826 MTs of Phosphatic Fertilizers during the year compared to 2,51,854 MTs in the previous year, based on the availability of raw materials.

#### Ammonium Bi-Carbonate (ABC)

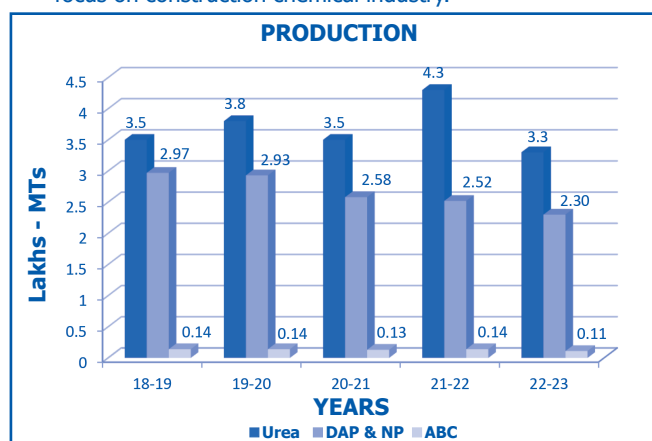
Production of ABC at 11,004 MTs during the year compared to 14,366 MTs in the previous year.

### 5. SALES

During the year, your Company sold 3,30,934 MTs of Urea compared to 4,31,110 MTs in the previous year. Sale of manufactured Phosphatic Fertilizers were 2,53,116 MTs compared to 2,39,959 MTs in the previous year. Sale of imported fertilizers were 30,180 MTs against 26,010 MTs in the previous year.

#### Sulphonated Naphthalene Formaldehyde (SNF)

The Company sold 17,081 MTs of SNF during the year, compared to 18,135 MTs in the previous year. 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.





### Agri Advisory Service

We provide a comprehensive range of Agri Advisory Services designed to educate and inform farmers and Agri input dealers on various topics, including fertilizer use efficiencies, integrated nutrient management, soil health and other agricultural techniques. To accomplish this, we regularly organize market development programs that cater to both farmers and dealers. These programs include our Farmer-Connect initiatives such as Soil Health Days, Farmers Meetings, Crop Seminars, Method Demonstrations, Field Days and Intensive Farmer Connect Programs. Additionally, we actively engage with rural school children through our "Mangala Raitha Prathibe" project, aiming to educate them about farming and modern agriculture, thereby inspiring them to pursue agriculture as a profession or develop a connection with the agricultural sector.

### 6. WORKING CAPITAL

The subsidy receivables increased during the year on account of escalation in commodity prices coupled with rupee depreciation. The estimated interest cost on account of delay in subsidy payment was INR 6.80 crore for the year 2022-23.

### 7. AMMONIA PLANT ENERGY IMPROVEMENT PROJECT

The ammonia plant is revamped based on KBR's design by technological upgradation, replacement of aged equipment with new generation high efficiency equipment, recovery of waste heat and optimization of steam usage. The revamp has also increased about 25% capacity in Ammonia production substituting the part of Company's ammonia import.

Erection, hook up and commissioning works of the project were carried out in the second quarter of the financial year during the plant shutdown. The Project was successfully completed and production was commenced in September 2022. The plant has completed more than 180 days of operation since completion of the project without major interruption as on 31<sup>st</sup> March 2023.

The revamp has considerably improved reliability of Ammonia plant by replacement of aging equipment.

Utility sections were also strengthened with addition of capacity to Nitrogen generation, Instrument Air Drying and Cooling water side stream filtrations. These initiatives have improved reliability of the section.

### 8. FERTILIZER POLICY

The writ petition filed by the Company before the Hon'ble High Court of Delhi (DHC) seeking remedy against some restrictive & discriminatory conditions imposed by the Notification No. 12018/4/2014-FPP dated June 17, 2015, was disposed since the GOI confirmed that the Company would be eligible for the benefits as are available to other manufacturers of Urea who have converted their manufacturing processes to gas based and are now utilizing gas for production of Urea.

The GOI issued Notification No.12012/1/2015-FPP dated March 28, 2018 confirming the availability of benefits to the Company for having converted its manufacturing process to gas based, on receipt & use of gas for production of Urea and continuation of existing policy till March 2020.

The Company has filed a writ petition against the DoF before DHC after its vain representations against arbitrary and discriminatory non extension of existed energy norms beyond March 2020 and bench marking the cost of production of Urea by using naphtha with that of gas price of fertilizer companies recently converted to natural gas.

The Nutrient Based Subsidy Scheme (NBS) was introduced by the GOI with effect from April 1, 2010 after de-controlling the DAP/complex fertilizers, where annual/bi-annual concession rates are announced leaving the market realization to reflect the fluctuations in respective commodity prices. However, the GOI is monitoring the market realization.

## 9. SAFETY, HEALTH, ENVIRONMENT AND POLLUTION CONTROL

### SAFETY

During the year, periodic audits of Safety, Health and Environment Management System were carried out by M/s DNV.

Your Company has taken measures to further strengthen safety systems inside the factory. Fixed Natural Gas leak detectors have been installed in areas of recently converted (Fuel Oil to Natural Gas) burners of Package Boiler and Dryer Combustion chamber in the DAP Plant and Standby auxiliary Boiler (IJT) in Ammonia Plant for early detection and alarm in case of any gas leaks. Addressable Fire Detection/Alarm system was extended to the Office area of Main Stores, New cable gallery in Captive Power Plant, Panel area in MPSS and New PLC room. 'Safe-Owl' – a new Fire & Safety Equipment Inspection software for logging the inspection data of various safety and firefighting equipment on an online platform – was implemented. This paperless initiative will improve the process of inspection and improves reliability.

Third party safety audit of the entire factory was carried out. Extensive training programs related to fire prevention and basic firefighting, usage of breathing apparatus, usage of personal protective equipment, emergency management, work permit system, Safety, Health and Environment management system, were organized for employees. Regular mock drills were also conducted to check the emergency preparedness. Promotional campaigns like National Safety Day, Fire Service Week and Chemical Disaster Prevention Week were undertaken.

Firefighting training is being conducted every Friday to train the employees and also contractors' workman.

MCF Team won First Prize in the State Level safety Quiz Competition organized by Department of Factories, Boilers, Industrial Safety and Health, Government of Karnataka.

### MEDICAL SERVICES

Annual medical examinations were conducted for all employees which included general physical examination, systemic examination and laboratory investigations and employees with abnormal findings were advised accordingly. Special tests like Pulmonary Function test, Audiometry and Vision test were also conducted for identified employees as per Statutory requirement. Health data of all the employees were recorded in Health Register-Form No. 16.

Medical examination of the canteen workers was conducted covering tests for any communicable diseases. Employees of Ammonium Bi-Carbonate Plant were examined for any communicable/skin diseases and were immunized against diseases like Hepatitis B and Tetanus as per schedule.

First aid training programmes were conducted for employees and contract workers regularly by Professional Faculty. Awareness programmes on "Health and Personal Hygiene" were conducted regularly for Canteen workers and ABC Plant employees. Training on proper usage of Spine Board and Splints in handling emergencies was conducted for the employees regularly.



Free Health Check-up camp was conducted for Loaders and Truck Drivers in association with Srinivasa Medical College Hospital, Mukka.

Blood donation camp was organized at factory in March 2023 in association with Indian Red-cross Society on occasion of Adventz Day.

COVID Vaccination camp was conducted in association with Primary Health Centre, Kulai and total 550 employees/Contract employees received Booster dose of the vaccine.

Free Eye Check-up camps were conducted at Krishnapura, near Surathkal and Ballamanja, near Belthangady in association with Justice K.S. Hegde Charitable Hospital and Artificial Limbs were distributed to 11 beneficiaries, both as part of CSR Activity.

### ENVIRONMENTAL MANAGEMENT

As an ISO 14001 certified Company, many environmental management programs have been implemented to improve the environmental performance of the Company.

The Company has changed its Feedstock and Fuel from Naphtha to cleaner Natural Gas which has significantly reduced Sulphur Dioxide emissions.

Your Company has achieved zero liquid discharge status in 2010 by upgrading its effluent and sewage treatment plants to recover and reuse the treated waters. The rainwater harvesting system and sewage treatment plants are already installed at township for employees. In addition to the existing 64 acres of green belt in manufacturing site, your Company has planted 2,000 saplings during 2022-23.

Environmental Management System (EMS) in line with the new version, ISO 14001:2015 was adopted during the year 2017 and was recertified by M/s Det Norske Veritas, Bangalore during the year 2020. Your 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 the factory facing National highway for public information. Your Company has also installed Continuous Online Monitoring Systems in Urea prill tower, Di Ammonium Phosphate plant stack, Sulphuric Acid plant stack. Online analyser for NOx measurement in Captive Power Plant stacks and main plant Boiler stacks were installed and commissioned during the year 2020-21 as per the Central Pollution Control Board (CPCB) guidelines. All the on-line analysers are functioning and the data is being transmitted to CPCB continuously.

In-house Environment Laboratory at factory has been assessed and accredited in accordance with standard ISO/IEC 17025:2017 by National Accreditation Board for Testing and Calibration Laboratories (NABL). Lighting in the entire complex including hazardous area lighting has been now converted to LED lighting. Over 5,750 LED light fittings were installed over past three years with focus on reducing energy consumption. Installed "Solar water heater" for our Industrial canteen. The company has installed roof top solar PV plant of capacity 251.23 KWP. "E-waste Collection Facility" has been provided inside factory and also at MCF Township for collection and disposal of E-waste generated in a scientific manner. A Biogas plant is installed to generate cooking gas from canteen

food waste is operational and is contributing towards savings of natural resources. Company has installed Organic waste composting facility at its township to treat the wet waste generated in the colony houses.

The Company has registered itself with CPCB with respect to Plastic Waste Management Rule 2016 as Brand Owner and has engaged one Waste Management Agency for collection, transportation and recycling of the plastic waste generated in the market. The activity is completed for the year 2022-23 and will be continued for the year 2023-24.

The company has installed and commissioned highly efficient oxidizing biocide generating system based on most advanced technology available in market to produce Chlorine dioxide for treatment of circulating water of cooling tower, replacing the conventional generators. It has improved the circulating water quality further, reduced blow down quantity and hence generation of trade effluent.

### Green Power

Your Company has taken up initiative by commissioning Roof Top Solar Photo Voltaic System with a capacity of 251.23 kWp at plant in Mangalore in January 2019. During the year, 2,99,131 kWh and since commissioning, 13,27,556 kWh, of solar power was generated.

## 10. ANNUAL RETURN

Annual Return referred to in Section 92(3) of the Companies Act, 2013 will be available on the website of the Company i.e. [www.mangalorechemicals.com/investor/annual\\_return](http://www.mangalorechemicals.com/investor/annual_return)

## 11. a) BOARD MEETINGS

During the year, seven Board Meetings were held on May 17, 2022, July 07, 2022, August 01, 2022, November 03, 2022, January 12, 2023, January 30, 2023 and March 25, 2023. The details of the composition of the Board and attendance of the Directors at the Board Meetings, are provided in the Corporate Governance Report attached as Annexure 5.

## b) AUDIT COMMITTEE

During the year under review, five Audit Committee Meetings were held and all the recommendations of the Audit Committee were accepted by the Board. The details of the composition of the Audit Committee and details of committee meetings are given in the Corporate Governance Report attached as Annexure 5.

## 12. 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 have been followed along with proper explanation relating to material departures, if any;
- the Directors have 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;

- c) the Directors have 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;
- d) the Directors have prepared the annual accounts on a going concern basis;
- e) 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;
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### 13. 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 11, 2023.

### 14. DIRECTORS

Mr. Marco Philipppus Ardeshir Wadia (DIN: 00244357) was appointed as Additional Director (Independent Director) with effect from May 13, 2022 and his appointment was approved by the shareholders through postal ballot on July 31, 2022 (last date of e-voting).

Mr. Shubhabrata Saha (DIN: 03036747) Managing Director, resigned from the services of the Company from the closing hours of November 03, 2022.

Mr. Nitin Manguesh Kantak (DIN: 08029847) was appointed as Whole-time Director of the Company for a term of 3 years with effect from November 03, 2022 to November 02, 2025 and his appointment was approved by the shareholders through postal ballot on December 30, 2022 (last date of e-voting).

Mr. Sabaleel Nandy (DIN: 08677564) was appointed as Additional Director (Non-Executive Director) with effect from November 03, 2022, his appointment was approved by the shareholders through postal ballot on December 30, 2022 (last date of e-voting) and resigned on March 25, 2023.

Mr. N Suresh Krishnan (DIN: 00021965) was appointed as Additional Director (Non-Executive Director) with effect from March 25, 2023.

Mr. Akshay Poddar (DIN: 00008686) Non-Executive Director and Chairman of the Company is retiring by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

In the opinion of the Board of Directors, all the Independent Directors possess requisite expertise and experience on the roles, rights and responsibilities of Independent Directors.

### 15. DIRECTORS TRAINING & FAMILIARIZATION

The Company, in compliance with Regulation 25(7) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, formulates programs to familiarize new Independent Directors inducted on the Board with the Company, nature of the industry, business model and their roles and responsibilities.

### 16. PERFORMANCE EVALUATION

Pursuant to the provisions of the Section 134, 178 and Schedule IV of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the following performance evaluations were carried out:

- a. Performance evaluation of the Board, Chairman and non-Independent Directors by the Independent Directors;
- b. Performance evaluation of the Board, its committees and Independent Directors by the Board of Directors; and
- c. Performance evaluation of every Director by the Nomination and Remuneration Committee.

The evaluation process covered 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/Committees and fulfilment of independence criteria and maintaining independence from the management by the Independent Directors.

Based on the evaluation done by the Directors, the performance of the Board, its Committees and the Directors was satisfactory and the quality, quantity and timeliness of flow of information between the management and the Board was appreciable.

### 17. NOMINATION AND REMUNERATION POLICY

Based on the recommendation of the Nomination and Remuneration Committee, the Board has approved the Nomination and Remuneration Policy. The Nomination and Remuneration Policy provides for constitution & role of Nomination and Remuneration Committee, guidelines on procedure for appointment/removal of Director, Key Managerial Personnel or at Senior Management level, recommendation for remuneration, compensation and commission to be paid to the Managing Director/Whole-time Director/Non-Executive Directors and carrying out evaluation of performance of every Director and Key Managerial Personnel.

The Nomination and Remuneration Policy is placed on the website of the Company i.e. [www.mangalorechemicals.com/investor/investor nomination remuneration policy](http://www.mangalorechemicals.com/investor/investor%20nomination%20remuneration%20policy).

### 18. SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES

The Company does not have any subsidiary, associate or joint venture.

### 19. CORPORATE SOCIAL RESPONSIBILITY (CSR)

As per the provisions of the Companies Act, 2013 the Board of Directors have constituted a CSR Committee and also approved the CSR Policy.

#### Terms of Reference:

The CSR Committee formulates and recommends to the Board a CSR Policy which shall indicate the activities to be undertaken by the Company, as specified in Schedule VII of the Companies Act, 2013. The Committee also recommends the amount of expenditure to be incurred on CSR activities and monitors the CSR Policy of the Company from time to time. Other terms of reference are given below;

- The Corporate Social Responsibility Committee shall meet atleast once in a financial year.
- The quorum for the meetings shall be at least 2 members.

- The Committee shall recommend the amount of expenditure to be incurred on the CSR activities on an annual basis.
- The Committee shall monitor & recommend to the Board changes to the Corporate Social Responsibility Policy from time to time.
- The Company Secretary shall act as the secretary of the CSR Committee.

During the year, the Committee met twice on May 17, 2022 and July 07, 2022. The attendance at the meeting was as follows:

Name of the member	Status	No. of meetings attended
Rita Menon	Chairperson	2
D A Prasanna	Member	2
Shubhabrata Saha\$	Member	2
Nitin M Kantak@	Member	-

\$ upto 03.11.2022, @ w.e.f. 03.11.2022

Based on the recommendation of the CSR Committee, the Company has formulated a comprehensive CSR policy. The detailed Annual Report on Company's CSR activities is furnished in Annexure 1 attached to this report.

## 20. WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Company has established a vigil mechanism through Whistle Blower 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 Whistle Blower 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 Whistle Blower Policy is placed on the website of the Company i.e., [www.mangalorechemicals.com/investor/investor\\_whistle\\_blower\\_policy](http://www.mangalorechemicals.com/investor/investor_whistle_blower_policy).

## 21. RISK MANAGEMENT

The Company has the requisite processes and procedures in place to identify and assist in minimizing exposure to risk that threaten the existence of the Company. Based on the recommendation of the Risk Management Committee, the Board has put in place a risk management policy to monitor and review potential risks.

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.

## 22. 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 during the year. The details of the investments made by Company are given in the notes to the financial statements.

## 23. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the year were at arm's length. All related party transactions were approved by the Audit Committee and the Board of Directors.

The details of related party transactions as per Form AOC-2 is enclosed as Annexure 2 to the Directors' Report. There were no related party transactions made by the Company with the Promoters, Directors and Key Managerial Personnel which may have a potential conflict with the interest of the Company at large.

## 24. DEPOSITS

The Company has not accepted any deposits in the past or during the year.

## 25. STATUTORY AUDIT

The Statutory Auditors, M/s PKF Sridhar & Santhanam LLP, were appointed to hold office from the conclusion of 55<sup>th</sup> Annual General Meeting till the conclusion of 60<sup>th</sup> Annual General Meeting of the Company.

## 26. SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company re-appointed Mr. S Kedarnath, Practicing Company Secretary to undertake the Secretarial Audit of the Company for the year 2022-23. The Secretarial Audit report is annexed herewith as Annexure 3.

## 27. COST RECORDS & COST AUDIT

The Company is required to maintain cost records as per Section 148(1) of the Companies Act, 2013, and accordingly such accounts & records are made and maintained. The Company appointed Mr. Y K Venkatesh, Cost Accountant, Membership No. 5294, as the Cost Auditor for the year 2022-23. The Cost Audit Report for the year ended March 31, 2022 was filed by the Company with the Ministry of Corporate Affairs on August 04, 2022.

## 28. AUDITORS' REPORT

There were no qualifications, reservations or adverse remarks made by the Statutory Auditor, Secretarial Auditor and Cost Auditor in their respective reports. No frauds have been reported by the Auditors during the year.

## 29. MATERIAL CHANGES & COMMITMENTS

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.

## 30. SIGNIFICANT & MATERIAL ORDERS

No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

## 31. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

The Company has adequate systems of internal control in place, which is commensurate with its size and the nature of its operations. The Company has designed and put in place adequate Standard Operating Procedures and Limits of Authority Manuals for conduct of its business, including adherence to Company's policies, safeguarding its assets, prevention and detection of fraud and errors, accuracy and

completeness of accounting records and timely preparation of reliable financial information.

These documents are reviewed and updated on an ongoing basis to improve the internal control systems and operational efficiency. The Company uses a state-of-the-art ERP (SAP) system to record data for accounting and managing information with adequate security procedure and controls.

### **32. COMPLIANCE OF SECRETARIAL STANDARDS**

The Company has complied with all applicable mandatory Secretarial Standards issued by the Institute of Company Secretaries of India.

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

Details pursuant to Section 197(12) of the Companies Act, 2013 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 Companies Act, 2013, 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.

### **34. DISCLOSURE AS PER SECTION 22 OF THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. No complaint has been filed or pending before the Committee during the year.

### **35. CONSERVATION OF ENERGY, 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 4 attached to this report.

### **36. OTHER DISCLOSURES UNDER RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND SCHEDULE V OF SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

No application was made or any proceedings filed against the Company under the Insolvency and Bankruptcy Code, 2016 during the Financial Year 2022-23. The Company has not given any Loans and advances in the nature of loans to firms/ companies in which Directors are interested. There were no one time settlement against any of the loan availed by the Company from the Banks or Financial Institutions during the Financial Year 2022-23.

### **37. 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.

A detailed Corporate Governance Report in line with the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 regarding the corporate governance practices followed by the Company and the certificate from Practicing Company Secretary relating to compliance of mandatory requirements along with Management Discussion and Analysis report are given as Annexure 5 and 6 respectively. A statement regarding opinion of the Board, with regard to integrity, expertise and experience (including proficiency) of the Independent Directors appointed during the year is given in Corporate Governance Report annexed as Annexure 5.

### **38. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT**

Pursuant to amended Regulation 34(2)(f) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the top 1000 listed companies based on market capitalization calculated as on March 31 of every financial year, need to prepare Business Responsibility and Sustainability Report in the format as specified by SEBI vide its circular dated May 10, 2021. Accordingly, your Company being one of the top 1000 listed companies based on market capitalization as on March 31, 2023, has prepared business responsibility and sustainability report which is annexed as Annexure 7.

### **39. ACKNOWLEDGEMENT**

Your Directors wish to place on record their sincere appreciation for the guidance and advice given by Mr. Shubhabrata Saha and Mr. Sabaleel Nandy.

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,**

**Akshay Poddar**  
Chairman  
DIN: 00008686

May 11, 2023



**ANNUAL REPORT ON CSR ACTIVITIES**

- Brief outline on CSR Policy of the Company:  
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
Promoting special education	Mangala Raitha Pratibhe
Promoting gender equality, empowering women	Sarwamangala Project
Promoting health care including preventive health	Health and Education of Migrants & Underprivileged Communities
Promoting education	Mangala Akshara Mitra
To improve livelihoods, drinking water, health & sanitation in rural area	Rural Development Projects

- Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Rita Menon	Chairperson	2	2
2	D A Prasanna	Member	2	2
3	Shubhabrata Saha\$	Member	2	2
4	Nitin M Kantak@	Member	NA	NA

\$ upto 03.11.2022, @ w.e.f. 03.11.2022

- Provide the web-link where composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: <https://www.mangalorechemicals.com>
- Provide the executive summary along with web-link(s) of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: Not applicable
- Average net profit of the Company as per sub-section (5) of Section 135: INR 10,485.25 lakh
  - Two percent of average net profit of the Company as per sub-section (5) of Section 135: INR 209.71 lakh
  - Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years: Nil
  - Amount required to be set off for the Financial Year, if any: Nil
  - Total CSR obligation for the Financial Year [(b)+(c)-(d)]: INR 209.71 lakh
- Amount spent on CSR projects (both ongoing project and other than ongoing project):

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount allocated for the project (INR in lakh)	Mode of Implementation – Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				State	District			Name	CSR Registration number
1	Mangala Raitha Pratibhe	Promoting special education and employment enhancing vocation skills	Yes	Karnataka	Bellary, Raichur Dakshina Kannada	22.70	Yes	Not applicable	
2	Sarwamangala Project	Promoting gender equality, empowering women	Yes	Karnataka	Bellary, Raichur	3.22	Yes	Not applicable	

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount allocated for the project (INR in lakh)	Mode of Implementation – Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				State	District			Name	CSR Registration number
3	Mangala Akshara Mitra	Promoting education	Yes	Karnataka	Bellary, Raichur, Dakshina Kannada	91.08	Yes	Not applicable	
4	Health and Education of Migrants & Underprivileged Communities	promoting health care including preventive health	Yes	Karnataka	Dakshina Kannada	4.57	Yes	Not applicable	
5	Rural Development Projects	To improve livelihoods, drinking water, health & sanitation in rural area	Yes	Karnataka	Dakshina Kannada	88.43	Yes	Not applicable	
Total						210.00			

- (b) Amount spent in Administrative Overheads: Nil  
(c) Amount spent on Impact Assessment, if applicable: Not applicable  
(d) Total amount spent for the Financial Year [(a)+(b)+(c)]: INR 210.00 lakh  
(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (in INR)	Amount Unspent (in INR)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of Section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of Section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
2,09,99,643	Nil				

- (f) Excess amount for set-off, if any:

Sl. No.	Particular	Amount (in INR)
(1)	(2)	(3)
(i)	Two percent of average net profit of the Company as per sub-section (5) Section 135	209.71 lakh
(ii)	Total amount spent for the Financial Year	210.00 lakh
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	0.29 lakh
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	0.29 lakh

7. Details of Unspent Corporate Social Responsibility amount for the preceding three financial Years: Not applicable

1	2	3	4	5	6		7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of Section 135 (in INR)	Balance Amount in Unspent CSR Account under sub-section (6) of Section 135 (in INR)	Amount Spent in The Financial Year (in INR)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of Section 135, if any		Amount remaining to be spent in succeeding Financial Years (in INR)	Deficiency if any
					Amount (in INR)	Date of transfer		
Nil								



8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Not applicable

If Yes, enter the number of capital assets created/acquired: Not applicable

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Not applicable

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the Property or asset(s)	Date of Creation	Amount of CSR amount spent	Details of entity/Authority/beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if Applicable	Name	Registered address
Nil							

(All the fields should be captured as appearing in the revenue record, flat no., house no., Municipal Office/Municipal Corporation/Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per as per sub-section (5) of Section 135: Not applicable

**Nitin M Kantak**  
Whole-time Director  
DIN: 08029847

**Rita Menon**  
Chairperson, CSR Committee  
DIN: 00064714

## **Annexure 2**

### **Form No. AOC - 2**

(Pursuant to Clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

There were no contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 which were not at arm's length basis during the year ended March 31, 2023.

**2. Details of material contracts or arrangements or transactions at arm's length basis:**

There were no material contracts/arrangements or transactions entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013. However, the Company has entered into transactions with related parties at arm's length, the details of which are given in the notes to financial statements.

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

**Akshay Poddar**

Chairman

DIN: 00008686

May 11, 2023

**MCF**

## **SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2023**

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
Mangalore Chemicals and Fertilizers Limited,  
Bengaluru – 560 001

We have conducted the Secretarial Audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by **Mangalore Chemicals and Fertilizers Limited having CIN: L24123KA1966PLC002036** (herein after called the company). Secretarial Audit was conducted in a manner that provided us the reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our 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, we hereby report that in our opinion the Company has, during the audit period covering the Financial year ended on 31<sup>st</sup> March 2023, 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.

We 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 2023, according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the Rules made there under;
  - II. The Securities Contracts (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 Foreign Direct Investment, Overseas Direct Investment and 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, 2015;
  - c) 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;

- d) SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015. (LODR Regulations) including the requirements with regard to the disclosure of information on Company's website and other disclosure and reporting requirements to the Stock Exchanges during the Financial Year.

There were no occasions during the financial year requiring specific compliance under the provisions of the following Regulations and Guidelines:

- e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended till date;
- f) The Securities and Exchange Board of India (Share Based Employees Benefits and Swear Equity) Regulations, 2021, as amended till date;
- g) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended till date;
- h) The Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2021; and
- i) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018, as amended till date.

VI. We further report that based on the information and explanations, and the records maintained, the Company has, in our opinion, complied with the provisions of:

### **1. Industry Specific Laws**

- a) The Fertilizers (Control) Order, 1985
- b) The Fertilizers (Movement Control) Order, 1973
- c) Essential Commodities Act, 1955
- d) The Competition Act, 2002
- e) The Environment (Protection) Act, 1986
- f) The Water (Prevention and Control of Pollution) Act, 1974
- g) The Air (Prevention and Control of Pollution) Act, 1981
- h) The Hazardous Waste (Management and Handling) Rules, 1989
- i) Legal Metrology Act, 2009
- j) Prevention of Food Adulteration Act, 1954 read with Rules made thereunder

### **2. General Laws**

- k) Industrial and Labour laws as applicable to the Company
- l) The Factories Act, 1948
- m) Indian Boilers Act, 1923
- n) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

We have also examined compliance with respect to:

- (i) The Secretarial Standards SS-1 and SS-2 issued by the ICSI and as notified by the Ministry of Corporate Affairs and report that the Company has generally complied with the said Standards.
- (ii) The Listing Agreement/s entered into by the Company with the BSE Limited and The National Stock Exchange of India Limited (NSE) read with the SEBI (LODR) Regulations, 2015:

and report that the Company has generally complied with the same.

We further report that during the said Financial Year, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc., mentioned in the foregoing paragraphs.

We further report that:

The Board of Directors of the Company is duly 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 was given to all the Directors to schedule the Board/Committee Meetings, agenda and detailed notes on agenda was 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. Sub committees of Board reconstituted during the financial year by following necessary provisions governing the same. Majority decisions were carried through by the Board at its meetings and minutes of meetings are self-explanatory with regard to dissenting member's views, if any.

We further report that the Company has developed and implemented adequate systems and processes, commensurate with its size and operations, to effectively monitor and ensure compliance with applicable laws, rules, regulations and guidelines. There are also processes and adequate procedures in place for minimizing exposure to risks which may threaten the very existence of the Company. The Company has generally complied with the requirements of the provisions governing Corporate Social Responsibility.

We further report that during the Financial Year there were no significant events/actions, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

**Place : Bengaluru**  
**Date : 03<sup>rd</sup> May, 2023**  
**UDIN : F003031E000243227**

**S. Kedarnath**  
**Company Secretary**  
**CP No: 4422, M No: 3031**

*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'

To,  
The Members,  
Mangalore Chemicals and Fertilizers Limited,  
Bengaluru – 560 001

My report (2022-23) 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. My 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. I believe that the processes and practices, we followed provide a reasonable basis for my opinion.
3. We have not verified the correctness and appropriateness of any of the financial records and Books of Accounts of the Company including the records pertaining to Goods and Service Taxes, Income Tax, Customs and other related enactments applicable to the Company.
4. Wherever required, we have obtained Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. 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 : Bengaluru**  
**Date : 03<sup>rd</sup> May, 2023**  
**UDIN : F003031E000243227**

**S. Kedarnath**  
**Company Secretary**  
**CP No: 4422, M No: 3031**

## Annexure 4

### Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo

#### Conservation of Energy

##### **A. Power and Fuel Consumption**

Sl. No.	Description	Unit	Current Year 2022-23	Previous Year 2021-22
<b>1. Electricity</b>				
<b>A. Purchased Units</b>		Lakh kWh	163.47	151.21
Total amount (Including minimum demand charges)		INR lakh	1,451.25	1,310.53
Minimum demand charges		INR lakh	190.28	171.36
Unit rate: (Excluding minimum demand charges)		INR/kWh	7.71	7.53
<b>B. Own Generation</b>				
<b>B.1 Through Generator</b>				
Units		Lakh kWh (net)	1,703.34	2,986.99
Units per MMBTU of natural gas		kWh/MMBTU	103.68	101.73
Unit cost (average)		INR/kWh	17.97	12.28
<b>B.2 Solar Power Generation</b>		Lakh kWh (net)	2.99	3.17
<b>2. Natural Gas (for power)</b>		MMBTU(G)	16,43,184.628	29,36,283.021
Total amount		INR lakh	26,148.04	30,829.43
Average rate		INR/MMBTU(G)	1,591.30	1,049.95

##### **B. Consumption per unit of production**

Products	Unit	Current Year 2022-23	Previous Year 2021-22
<b>Electricity (per metric ton)</b>			
- Urea	kWh	506.35	692.18
- DAP	kWh	46.22	47.23
- 20:20:00:13	kWh	42.94	39.04
<b>Natural gas for steam</b>	MMBTU/G/t of urea	2.203	1.217
<b>Fuel (NG &amp; FO) Consumption (per metric ton)</b>			
- DAP/ 20:20:00:13	Gcal/t	0.045	0.083

#### Technology absorption, adaptation and innovation

- Efforts, in brief, made towards technology absorption, adaptation and innovation : Under Ammonia Plant revamp & Utility capacity augmentation, (i) New Syngas Compressor of higher efficiency and with dry gas seal, (ii) Low Energy CO<sub>2</sub> stripping process, (iii) Plate Heat exchanger type Combustion air heaters etc. are installed.  
  
New and replaced heat exchangers are designed with tube side cooling water for ease of cleaning.  
  
PSA type nitrogen plant, Energy Efficient Instrument air dryers are installed.
- Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution : Reduction in specific energy consumption & Cost of Ammonia/Urea production.
- In case of imported technology following information may be furnished. : 1. Syngas Compressor was imported from Baker Hughes, Italy.  
2. CO<sub>2</sub> removal section was revamped with GV Process, Italy.

#### Foreign Exchange earnings and outgo during 2022-23

Foreign Exchange earned : INR 0.08 crore  
Foreign Exchange used : INR 1,576.87 crore

## Annexure 5

### Corporate Governance Report

#### 1. COMPANY'S PHILOSOPHY ON THE CODE OF CORPORATE GOVERNANCE

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

#### 2. BOARD OF DIRECTORS

The Board of Directors with an optimum combination of Executive, Non-Executive and Independent Directors meets at regular intervals.

During the year, seven Board Meetings were held on May 17, 2022, July 07, 2022, August 01, 2022, November 03, 2022, January 12, 2023, January 30, 2023 and March 25, 2023.

Attendance of each Director at the Board of Directors' meetings and at the previous Annual General Meeting along with the number of other companies and committees where the Director is a Chairman/Member is given hereunder:

Name of Director	Category^	Skills/expertise/competence	No. of Directorships in other companies* as on 31.03.2023	No. of Board Meetings Attended	No. of shares held	Attendance at previous Annual General Meeting	No. of Board Committees of other companies** as on 31.03.2023		Directorship in other Listed entity	
							Chairman	Member	Name	Category^
Akshay Poddar	Promoter/Chairman/NED	Honors in Accounting and Finance from London School of Economics and Political Science, University of London. Promoting and managing businesses in diversified industries like fertilizers, agri-inputs, heavy engineering, sugar, consumer products, real estate, investments and furniture etc.	16	07	14,02,431	Yes	01	02	Adventz Securities Enterprises Ltd.	NED
									Texmaco Infrastructure & Holdings Ltd.	NED
									Texmaco Rail & Engineering Ltd.	NED
									Zuari Agro Chemicals Ltd.	NED
Shubhabrata Saha@	MD	MBA (NMIMS) & BE (Electrical), has extensive experience (over 30 years) with deep understanding of critical business drivers in both consumer and industrial sectors.	NA	04	NA	Yes	NA	NA	NA	NA
Nitin M Kantak#	WTD	Chemical Engineer from Institute of Chemical Technology (Formerly UDCT), Mumbai. He has 40 years of experience in Nitrogenous and Phosphatic fertilizer industry in Plant Operations, Project Management & Commissioning, Process Engineering, and Technical Services.	04	07	500	Yes	-	01	Zuari Agro Chemicals Ltd.	ED



Name of Director	Category^	Skills/expertise/competence	No. of Directorships in other companies+ as on 31.03.2023	No. of Board Meetings Attended	No. of shares held	Attendance at previous Annual General Meeting	No. of Board Committees of other companies++ as on 31.03.2023		Directorship in other Listed entity	
							Chairman	Member	Name	Category^
D A Prasanna	ID	BE (Mechanical) from The National Institute of Engineering, Mysore, MBA from IIM, Ahmedabad. has served in executive positions for over 33 years, most of it as CEO, MD, Executive Chairman and grown companies to leadership position in Information Technology, Healthcare, Education and Life Science sectors.	03	07	11,150	Yes	-	01	-	-
Rita Menon	ID	MA (Economics) from Delhi School of Economics, a retired IAS officer of 1975 batch. In her career as IAS officer she has held various positions from Joint Secretary to Secretary at various Central Ministries. Held directorships at various central and private sector undertakings.	01	07	Nil	Yes	01	01	Chambal Fertilisers and Chemicals Ltd.	ID
Dipankar Chatterji \$	ID	Chartered Accountant by profession and is a senior partner in L B Jha & Co., Chartered Accountants, who are engaged in Consultancy, Audit and Assurance, or Tax and other Compliance Services. He is Vice-President of one of the top 10 B Schools in the country. He was appointed by RBI as a member of the Padmanabhan Committee set up to review RBI's supervision over Banks. He was a member of the Central Council of the Institute of Chartered Accountants of India and Chairman of the Auditing Practices Committee of the Institute of Chartered Accountants of India.	NA	NA	NA	NA	NA	NA	NA	NA

Name of Director	Category^	Skills/expertise/competence	No. of Directorships in other companies* as on 31.03.2023	No. of Board Meetings Attended	No. of shares held	Attendance at previous Annual General Meeting	No. of Board Committees of other companies** as on 31.03.2023		Directorship in other Listed entity	
							Chairman	Member	Name	Category^
Marco Philippus Ardeshir Wadia %	ID	Bachelor's degree in law from Bombay University. He has over 30 years of experience in the legal profession having specialised in corporate matters and mergers and acquisitions.	09	07	Nil	Yes	-	01	Josts Engineering Company Ltd.	ID
									Stovec Industries Ltd.	ID
Sabaleel Nandy !	NED	Bachelor's degree in technology (civil engineering) from Indian Institute of Technology, Kharagpur and a post-graduate diploma in management from Indian Institute of Management, Lucknow. He is a global leader with proven success at companies such as TATA Group, Zuari Agro Chemicals, and Paradeep Phosphates. He has over two decades of experience in chemicals and fertilizers, having spent 18 years in Tata group companies such as TATA Motors, TATA Sons, and TATA Chemicals.	NA	02	NA	NA	NA	NA	NA	NA
N Suresh Krishnan &	NED	B.E. (Hons.) & M.Sc. from BITS (Pilani), 32 years of corporate experience in fertilizer, energy and cement sectors and has been widely acknowledged for his leadership, vision and commitment. His experience spans corporate finance, corporate strategy, projects planning, operations and business development.	03	NIL	1000	NA	-	01	Paradeep Phosphates Limited	MD

^MD – Managing Director, ID – Independent Director, NED – Non-Executive Director, WTD – Whole-time Director, ED – Executive Director

@ upto 03.11.2022, # WTD w.e.f. 03.11.2022, \$ upto 13.05.2022, % w.e.f. 13.05.2022, ! w.e.f. 03.11.2022 upto 25.03.2023, & w.e.f. 25.03.2023.

\* Includes Directorship in other public and private companies.

\*\*Includes Audit Committee and Stakeholders' Relationship Committee only in public companies.

None of the Directors are related to each other.

### Specific skills/expertise/competency identified/required

The following skills/expertise/competencies are identified to be required for the effective functioning of the Company which are currently available with the Directors.

#### a. Strategic skills

Creation & implementation of effective strategies, ability to think strategically to propose new ideas and future-oriented perspective. Need for clear vision on business models and strategic analysis.

#### b. Finance skills

The ability to analyse key financial statements, critically assess financial viability and performance, contribute to strategic financial planning and oversee budgets.

#### c. Regulatory matters

Understanding of the relevant laws, rules, regulation policies applicable to the organisation/industry/sector and level/status of compliances thereof by the organisation.

#### d. Industry/Product related

Experience & knowledge of the industry and its dynamics.

#### e. Risk related

Identification of key risks including legal & regulatory compliance and advising on risk mitigation.

#### f. Business management

Experience at an executive level including the ability to evaluate the performance of the senior management, strategic human resource management and industrial relations; oversee large scale organisational change.

#### g. Corporate Governance related

Understanding of the best corporate governance practices, relevant governance codes and governance structure.

#### h. Personal attributes

Integrity & Ethics, constructive participation, leadership qualities, innovative thinking and critical analysis.

### Independent Directors

#### a. Familiarization Programme

The Company, in compliance with Regulation 25(7) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, formulates programs to familiarize new Independent Directors, inducted on the Board of the Company, nature of the industry, business model, their roles and responsibilities. The Independent Directors are having rich experience on the roles, rights and responsibilities of Independent Directors. The details of familiarization programme have been disclosed on the Company's website [www.mangalorechemicals.com](http://www.mangalorechemicals.com).

#### b. Separate Meeting

A separate meeting of the Independent Directors was held on May 10, 2022 to discuss:

- Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole.
- Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.
- Evaluation of the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

#### c. In the opinion of the Board, the Independent Directors fulfil the conditions specified in the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended, and are independent of the management.

### 3. AUDIT COMMITTEE

The terms of reference of the Audit Committee are as given below:

- The Audit Committee shall meet at least 4 times in a year with not more than 120 days gap between two meetings.
- The quorum for the meetings shall be at least 2 Independent Directors and Chairman of the meeting shall be an Independent Director.
- The Audit Committee shall have the powers to investigate any financial activity, seek information from any employee, obtain outside legal or professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.
- The role of Audit Committee and the information that the Audit Committee shall review will be as specified in Section 177 of the Companies Act, 2013 read with rules made thereunder and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Part C of Schedule II.
- The Audit Committee shall review Policy on Related Party Transactions and Whistle Blower Policy on an annual basis.
- The Company Secretary shall act as the secretary to the Audit Committee.

Besides the above, the additional terms of reference of Audit Committee as per the Companies Act, 2013 includes reviewing and monitoring auditor's independence and performance, and effectiveness of audit process, examination of the financial statement and the auditor's report thereon, approval or any subsequent modification of transactions of the Company with related parties, scrutiny of inter-corporate loans and investments, valuation of undertakings or assets of the Company, whenever it is necessary.

During the year, five meetings of the Audit Committee were held on May 17, 2022, July 07, 2022, August 01, 2022, November 03, 2022 and January 30, 2023.

**The composition and the attendance of the members of the Audit Committee is as follows:**

Name of the Director	Status	No. of meetings attended
Dipankar Chatterji @	Chairman	NA
Marco Wadia #	Chairman	05
D A Prasanna	Member	05
Rita Menon	Member	05

@ upto 13.05.2022, # w.e.f. 13.05.2022

#### 4. NOMINATION AND REMUNERATION COMMITTEE

The terms of reference of the Nomination and Remuneration Committee are as given below:

- The Nomination and Remuneration Committee shall meet at such intervals as may be necessary, but at least once in a year, to discharge its functions.
- The quorum for the meetings shall be at least 2 members including at least one Independent Director and Chairman of the meeting shall be an Independent Director.
- The role of Nomination and Remuneration Committee shall be as specified in Section 178 of the Companies Act, 2013 read with rules made thereunder and Regulation 19 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Part D of Schedule II.
- The Nomination and Remuneration Committee shall review Nomination and Remuneration Policy and Policy on Board Diversity on an annual basis.
- The Company Secretary shall act as the secretary to the Nomination and Remuneration Committee.

During the year, four meetings of the Nomination and Remuneration Committee were held on May 10, 2022, July 07, 2022, November 03, 2022 and March 25, 2023.

The composition and the attendance of the members of the Nomination and Remuneration Committee is as follows:

Name of the Director	Status	No. of meetings attended
D A Prasanna	Chairman	04
Dipankar Chatterji @	Member	01
Akshay Poddar	Member	04
Marco Wadia #	Member	03

@ upto 13.05.2022, # w.e.f. 13.05.2022

#### Performance evaluation criteria for Independent Directors

The Nomination and Remuneration Committee has evaluated the performance of every Director and the evaluation process was carried out by circulating questionnaires on performance of duties, participation and contribution to the Board and Committees.

#### 5. RISK MANAGEMENT COMMITTEE

The terms of reference of the Risk Management Committee are as given below:

- The Committee shall meet at such intervals, as per the applicable provisions of the Companies Act, 2013 and applicable SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, amended from time to time.
- The quorum for the meetings of the Committee shall be as per the applicable provisions of the Companies Act, 2013 and applicable SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, amended from time to time.
- The Chairman of the Committee shall always be a member of the Board of Directors.
- The Committee shall monitor and review the risk management plan.
- The Committee shall review risk matrix and regulatory risk factors.
- The Committee shall review Foreign Exchange Hedging Policy and Risk Management Policy on an annual basis.
- The Committee shall exercise such powers and duties as may be delegated by the Board of Directors.
- The Company Secretary shall act as the secretary to the Committee.

During the year, two meetings of the Risk Management Committee were held on July 07, 2022 and December 21, 2022.

The composition and the attendance of the members of the Risk Management Committee is as follows:

Name of the Director/Memebr	Status	No. of meetings attended
Shubhabrata Saha @	Chairman	01
Nitin M Kantak \$	Chairman	01
D A Prasanna	Member	02
T M Muralidharan	Member	02

@ upto 03.11.2022, \$ w.e.f. 03.11.2022

## 6. REMUNERATION OF DIRECTORS

The Company did not have any pecuniary relationship or transaction with any Non-Executive Directors during the year 2022-23.

Remuneration by way of sitting fees was paid to the Non-Executive Directors during the financial year ended March 31, 2023 for attending the meetings of the Board and the Committees. Payment of remuneration to the Managing Director and Whole-time Director was as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors and Shareholders.

The details of the remuneration to the Directors are given below:

(INR in lakhs)

Name of the Director	Salary	Sitting fees	Perquisites	Stock Options	Bonus	Retirement benefit	Other remuneration*	Terms of service contract
Shubhabrata Saha @	209.23	Nil	35.05	-	70.00	15.39	Nil	NA
Akshay Poddar	Nil	4.30	Nil	Nil	Nil	Nil	5.00	Director liable to retire by rotation
Nitin M Kantak #	42.38	1.50	9.45	-	0	5.95	2.92	Appointed as WTD for a period of 3 years w.e.f. 03.11.2022. Termination with 3 months' notice by either party
Rita Menon	Nil	5.75	Nil	Nil	Nil	Nil	5.00	Re-appointed as Independent Director for a period of 3 years w.e.f. 29.07.2020
D A Prasanna	Nil	6.75	Nil	Nil	Nil	Nil	5.00	Re-appointed as Independent Director for a period of 5 years w.e.f. 06.05.2021
Dipankar Chatterji %	Nil	0.40	Nil	Nil	Nil	Nil	Nil	NA
Marco Wadia \$	Nil	5.35	Nil	Nil	Nil	Nil	4.50	Appointed as Independent Director for a period of 3 years w.e.f. 13.05.2022
Sabaleel Nandy !	Nil	1.00	Nil	Nil	Nil	Nil	Nil	NA
N Suresh Krishnan &	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Director liable to retire by rotation

@ upto 03.11.2022, # WTD w.e.f. 03.11.2022, % upto 13.05.2022, \$ w.e.f. 13.05.2022, ! w.e.f. 03.11.2022 upto 25.03.2023, & w.e.f. 25.03.2023.

\*as approved by the members in the AGM held on 16.09.2021.

## 7. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The terms of reference of the Stakeholders' Relationship Committee are as given below:

- The Stakeholders Relationship Committee shall meet at such intervals as it may be necessary, but at least once in a year, to discharge its functions.
- The quorum for the meetings shall be at least 2 members.
- The Chairman of the meeting shall be a Non-Executive Director and he shall be present at the Annual General Meeting.
- The role of Stakeholders Relationship Committee shall be as specified in Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Part D of Schedule II.

During the year, one meeting of the Stakeholders' Relationship Committee was held on March 25, 2023.

The composition and the attendance of the members of the Stakeholders' Relationship Committee is as follows:

Name of the Director	Status	No. of meetings attended
D A Prasanna	Chairman	01
Rita Menon	Member	01
Shubhabrata Saha #	Member	NA
Nitin M Kantak @	Member	01

# upto 03.11.2022, @ w.e.f. 03.11.2022

Mr. Vijayamahantesh Khannur, Company Secretary is the Compliance Officer.

During the year ended March 31, 2023, the Company has received 08 shareholders' complaints and same are redressed to the satisfaction of the shareholders.

## 8. 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, as amended. The Board has designated the Company Secretary, as the Compliance Officer and authorized the Whole-time Director to monitor the compliance of the aforesaid regulations.

## 9. 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.

## 10. GENERAL MEETINGS

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

Date	Time	Venue	Special Resolutions Passed
September 13, 2022	3.00 p.m.	Through Video Conferencing	None
September 16, 2021	4.00 p.m.	Through Video Conferencing	Re-appointment of Mr. D A Prasanna as an Independent Director
September 15, 2020	11.00 a.m.	Through Video Conferencing	a. Re-appointment of Mrs. Rita Menon as an Independent Director b. Re-appointment of Mr. K Prabhakar Rao as Director - Works

### Special Resolutions passed through Postal Ballot

The Company has passed two special resolutions through Postal Ballot during the year ended March 31, 2023.

## 11. MEANS OF COMMUNICATION

The quarterly 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 website: [www.mangalorechemicals.com/investor/investor\\_newspaper\\_publications](http://www.mangalorechemicals.com/investor/investor_newspaper_publications)

## 12. GENERAL SHAREHOLDER INFORMATION

### a. Annual General Meeting

The Fifty Sixth Annual General Meeting of the Company will be held on **Tuesday, September 26, 2023 at 4.30 P.M.** through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM").

### b. Financial Year

Financial Year – April 1 to March 31.

Financial reporting during the year 2023-24:

Quarter	Declaration of un-audited/audited financial results
Results for the quarter ending June 30, 2023	On or before 14 <sup>th</sup> August 2023 or such prescribed period
Results for the half-year ending September 30, 2023	On or before 14 <sup>th</sup> November 2023 or such prescribed period
Results for the quarter ending December 31, 2023	On or before 14 <sup>th</sup> February 2024 or such prescribed period
Audited Annual Results for 2023-24	On or before May 30, 2024 or such prescribed period

c. **Book closure dates:** September 20, 2023 to September 26, 2023 (both days inclusive).

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

### e. 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

The Company has paid the annual listing fees to the Stock Exchanges and the custodial fees to NSDL and CDSL for the financial year 2022-23.



**f. Stock Code**

BSE Limited: 530011

National Stock Exchange of India Limited: MANGCHEFER

International Standard Identification Number (ISIN): INE558B01017

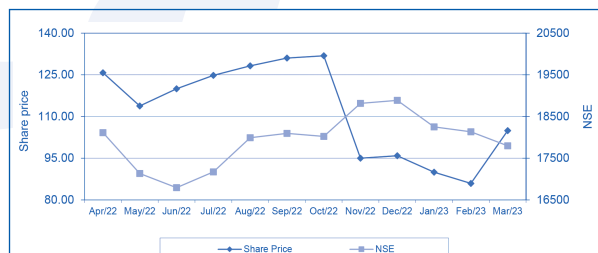
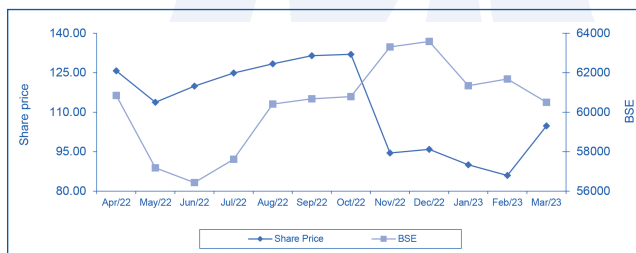
**g. Market Price Data**

The monthly high and low quotations at BSE and NSE during the year under review are given below:

Month & Year	BSE		NSE	
	High (INR)	Low (INR)	High (INR)	Low (INR)
April 2022	125.70	85.50	125.75	85.80
May 2022	113.75	72.45	113.80	72.35
June 2022	119.90	83.75	120.00	83.55
July 2022	124.90	106.00	124.80	106.45
August 2022	128.40	114.30	128.25	114.30
September 2022	131.50	120.55	131.05	121.10
October 2022	132.00	93.95	131.85	93.95
November 2022	94.50	77.05	95.00	77.10
December 2022	95.90	78.90	95.90	79.00
January 2023	90.00	77.15	90.00	77.15
February 2023	85.95	72.55	85.95	72.70
March 2023	104.80	72.45	104.95	73.40

Source: www.bseindia.com & www.nseindia.com

**h. Performance in comparison to BSE Sensex and Nifty 50**



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

**i. The securities were not suspended from trading during the year.**

**j. Registrars and Share Transfer Agents**

M/s. Cameo Corporate Services Limited, Subramanian Building, No.1, Club House Road, Chennai – 600 002, have been engaged to provide both share transfer as well as dematerialization services.

**k. Share Transfer System**

The Share Transfers in physical mode above 1000 equity shares are approved by Stakeholders' Relationship Committee.

The Company has authorized the Company Secretary to approve share transfers involving up to 1000 shares with a view to expedite the process of share transfers.

# I. Shareholding Pattern as on March 31, 2023

Category	No. of Shareholders	No. of Equity Shares	% of shareholding
Promoters & Promoters Group	10	7,18,51,686	60.63
Banks, FIs, Insurance Companies	218	2,15,391	0.18
Foreign Portfolio Investors	5	10,22,086	0.86
Private Corporate Bodies	386	1,32,62,786	11.19
Indian Public	52,571	2,59,19,354	21.87
NRIs/OCBs	477	8,44,542	0.71
Others	827	53,99,305	4.56
<b>Grand Total</b>	<b>54,494</b>	<b>11,85,15,150</b>	<b>100.00</b>

## Distribution of shareholding as on March 31, 2023

	Shareholders	No. of Equity Shares	% of shareholding
Upto 1000	51,545	91,24,023	7.70
1001 - 5000	2,313	54,10,180	4.56
5001 - 10000	278	21,92,033	1.85
10001 - 20000	142	21,48,398	1.81
20001 - 30000	57	14,45,831	1.22
30001 - 40000	28	10,15,192	0.86
40001 - 50000	25	12,13,016	1.02
50001 - 100000	54	40,09,454	3.38
100001 & above	52	9,19,57,023	77.60
<b>Total</b>	<b>54,494</b>	<b>11,85,15,150</b>	<b>100.00</b>

## m. Dematerialisation of shares and liquidity

The Company's equity shares having been mandated for settlement only in dematerialized 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, 2023, 98.05% of the equity share capital of the Company has been dematerialized. Investors holding physical share certificates are advised to convert their holding to demat form in view of the various advantages associated with demat holding.

## n. The Company has not issued GDRs/ADRs/Warrants and Convertible Instruments.

## o. Commodity price risk or foreign exchange risk and hedging activities

During the year, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures. The details of foreign currency exposure are disclosed in Note No. 41 to the Financial Statements.

## p. Plant location: Panambur, Mangalore – 575 010

## q. Address for Correspondence

Registered Office	Registrars and Transfer Agents
Mangalore Chemicals & Fertilizers Limited Level-11, UB Tower, UB City 24, Vittal Mallya Road Bengaluru - 560 001 Phone : +91 80 - 4585 5599 Fax: +91 80 - 4585 5588 Email: shares.mcfi@adventz.com	M/s. Cameo Corporate Services Limited, Subramanian Building, No. 1, Club House Road, Chennai – 600 002 Ph. No: +91 44-2846 0395 Fax No: +91 44-2846 0129 Email: investor@cameoindia.com

The Company has designated the email ID [shares.mcfi@adventz.com](mailto:shares.mcfi@adventz.com) for registering investor complaints.

**r. Credit ratings**

CARE Ratings Limited (CARE), vide its letter dated March 15, 2023, has revised the rating of Long Term Bank Facilities to CARE A-; Stable (read as Single A Minus; Outlook: Stable) from CARE BBB+; Stable (read as Triple B Plus; Outlook: Stable) and of Long Term/Short Term Bank Facilities to CARE A-; Stable/CARE A2+ (read as Single A Minus; Outlook: Stable/A Two Plus) from CARE BBB+; Stable/CARE A3+ (read as Triple B Plus; Outlook: Stable/A Three Plus).

**13. OTHER DISCLOSURES**

**a. 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.

**b. Details of non-compliance by the Company, penalties, strictures**

The Company has complied with all the statutory requirements comprised in the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and there were 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.

**c. The Company has a Whistle Blower Policy closely monitored by the management. No personnel has been denied access to the Audit Committee.**

**d. The Company has complied with all the mandatory requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.**

**e. The Company does not have any subsidiary and hence policy on determining material subsidiaries is not applicable.**

**f. The Board of Directors of the Company, based on the recommendation of the Audit Committee, has approved the Policy on Related Party Transactions and the same is placed on website of the Company [www.mangalorechemicals.com/investor/investor\\_party\\_transactions](http://www.mangalorechemicals.com/investor/investor_party_transactions)**

**g. The subsidy mechanism applicable for Urea appropriately recognizes commodity price fluctuations in respect of the required inputs. Similarly, subsidy mechanism under Nutrient Based Subsidy scheme applicable for DAP, MOP and other complex fertilizers and the market realization reflect the fluctuations in the respective commodity prices.**

**h. The Company has not raised any funds through preferential allotment or qualified institutions placement.**

**i. Certification from a Company Secretary in practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board/Ministry of Corporate Affairs or any such statutory authority is attached to this Report.**

**j. The Board has accepted all the recommendations of the various committees of the Board, in the relevant financial year.**

**k. Total fees for all services to the Statutory Auditor and all entities in the network firm/network entity of which the Statutory Auditor is a part, is given in Note No. 30 to the Financial Statements.**

**l. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

i. number of complaints filed during the financial year: Nil

ii. number of complaints disposed off during the financial year: Nil

iii. number of complaints pending as on end of the financial year: Nil

**m. The Company has adopted para C and E of Part E of Schedule II of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.**

**n. The Company has complied with the corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.**

**o. There are no shares in the demat suspense account or unclaimed suspense account.**

**Declaration regarding compliance with Company's Code of Business Conduct and Ethics**

I, Nitin M Kantak, Whole-time 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, 2023.

May 11, 2023

**Nitin M Kantak**  
Whole-time Director  
DIN: 08029847

## **CERTIFICATES UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To  
The Members,  
Mangalore Chemicals & Fertilizers Limited,  
Level 11, UB Tower, UB City,  
24, Vittal Mallya Road,  
Bengaluru – 560 001

I have examined the compliance conditions of Corporate Governance by the Mangalore Chemicals & Fertilizers Limited ("the Company") for the year ended March 31, 2023 as per the Regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance conditions of Corporate Governance are the responsibility of the Management of the Company. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of the information and according to the explanation given to me, it is certified that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I further state that none of the Directors on the Company have been debarred or disqualified from being appointed or continuing as a Director of the Company as per the requirement of by SEBI/Ministry of Corporate Affairs or any such statutory authority.

I hereby 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.

Place: Bengaluru  
Date: 10<sup>th</sup> May, 2023  
UDIN: F003031E000280594

**S Kedarnath**  
Company Secretary  
CP No.: 4422, M No.: 3031

## **Management Discussion and Analysis**

### **Industry Structure and Developments**

The Company has 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 77% of the Company's products are sold in the state of Karnataka, which meets about 10% 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, Telangana and Maharashtra.

### **Threats and Opportunities**

The writ petition filed by the Company before the Hon'ble High Court of Delhi (DHC) seeking remedy against some restrictive & discriminatory conditions imposed by the Notification No.12018/4/2014-FPP dated June 17, 2015, was disposed since the GOI confirmed that the Company would be eligible for the benefits as are available to other manufacturers of Urea who have converted their manufacturing processes to gas based and are now utilizing gas for production of Urea.

The GOI issued Notification No.12012/1/2015-FPP dated March 28, 2018 confirming the availability of benefits to the Company for having converted its manufacturing process to gas based, on receipt & use of gas for production of Urea and continuation of existing policy till March 2020.

The Nutrient Based Subsidy Scheme (NBS) was introduced by the GOI with effect from April 01, 2010 after de-controlling the DAP/complex fertilizers, where annual/bi-annual concession rates are announced leaving the market realization to reflect the fluctuations in respective commodity prices. However, the GOI is monitoring the market realization.

From January 2018, the GOI has rolled out Direct Benefit Transfer (DBT) for payment of subsidy on sale by the retailers on pan India basis after pilot studies in some selected districts of various States, as against the earlier system of payment of subsidy on receipt basis into the respective districts and sales thereafter. DBT roll out resulted in delayed payment of subsidy which would follow the vagaries of agro climatic conditions, leading to elongated working capital cycle. The delay in payment of subsidy caused by DBT, higher subsidy demand due to higher commodity prices and rupee depreciation would contribute to higher working capital requirement and resultant higher finance cost.

### **Future Outlook**

The demand for both Nitrogenous & Phosphatic fertilizers in India is increasing steadily and expected to grow at a compounded

annual rate of about 2%. With the domestic production almost stagnant and the demand increasing, the supply deficit has to be met from imports. The Company has planned to import substantial quantity of fertilizers to meet the growing demand and 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.

### **Financial and Operational Performance**

#### **a) Production Performance**

Production of 3,31,690 MTs of Urea, 2,29,826 MTs of Complex fertilizers [DAP/NP] and 11,004 MTs of Ammonium Bi-Carbonate was achieved during the year.

#### **b) Operating Results**

The revenue from operations for the year ended March 31, 2023 was INR 3,641.52 crore as compared to INR 2,895.58 crore for the year ended March 31, 2022.

The profit before tax for the year ended March 31, 2023 was INR 176.03 crore as compared to INR 134.66 crore for the year ended March 31, 2022. Total Comprehensive Income stood at INR 134.34 crore for the year ended March 31, 2023 compared to INR 87.66 crore for the previous year.

#### **c) Resource Utilization**

The gross fixed assets and capital work-in-progress as at March 31, 2023 were INR 1,398.54 crore as compared to INR 1,154.77 crore in the previous year.

#### **d) Working Capital**

Net working capital as on March 31, 2023 was INR 147.30 crore.

### **Risks and Concerns**

Due to any changes in Fertilizer policy, Urea production may get curtailed. Possible non-availability of raw materials & fertilizers and their rising prices for non-urea fertilizers are matters of concern. Roll out of DBT, any under provisioning for fertilizer subsidy in the Union Budget and resultant delay in subsidy payment by Govt. of India would contribute to precarious working capital position which could impact production and increased finance costs. Considering the Company's plans for higher imports, depreciation of Indian rupee against the US dollar can adversely affect profitability. Increase in operating costs, mainly finance costs on working capital may adversely affect profitability.

### Internal Financial Control Systems

Adequate internal financial controls are in place across various functions in the Company. The Company has migrated from SAP ECC 6.0 with EHP 8.0 version to the new SAP S/4 HANA (high-performance analytic appliance) version and GRC software, which have higher controls in place.

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

### 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 605.

### Details of Significant Changes in Key Financial Ratios, along with detailed explanations:

Sr. No.	Particulars	March 31, 2023	March 31, 2022	Variation %	Reason for Variation
i.	Interest Coverage ratio	2.96%	4.27%	(30.65%)	Higher finance cost due to additional term loan for Energy Improvement Project and increase in cost of borrowings.
ii.	Return on Net Worth	18.12%	13.62%	33.06%	Higher profits due to improved efficiency after completion of Energy Improvement Project during the year.





## **BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT**

### **SECTION A : GENERAL DISCLOSURES**

#### **I. Details of the listed entity**

1.	Corporate Identity Number (CIN) of Listed Entity	L24123KA1966PLC002036
2.	Name of the Listed Entity	Mangalore Chemicals & Fertilizers Limited
3.	Year of Incorporation	1966
4.	Registered office address	Level 11, UB Tower, UB City, No.24, Vittal Mallya Road, Bangalore - 560001
5.	Corporate Address	Same as above
6.	E-mail	<a href="mailto:shares.mcf@adventz.com">shares.mcf@adventz.com</a>
7.	Telephone	+91 80 4585 5599
8.	Website	<a href="http://www.mangalorechemicals.com">www.mangalorechemicals.com</a>
9.	Financial year for which reporting is being done	April 01, 2022 to March 31, 2023
10.	Name of the Stock Exchange(s) where shares are listed	(i) BSE Limited (ii) National Stock Exchange of India Limited
11.	Paid-up Share Capital	INR 118.55 crore
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR	Mr. Nitin M Kantak, Whole-time Director Telephone: +91 80 4585 5599 Email: <a href="mailto:nitinkantak@adventz.com">nitinkantak@adventz.com</a>
13.	Reporting boundary – Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together)	On standalone basis

#### **II. Products/services**

##### **14. Details of business activities (accounting for 90% of the turnover)**

Sl. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Manufacturing	Chemical and chemical products, pharmaceuticals, medicinal chemical and botanical products	93.76%

##### **15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover)**

Sl. No.	Product/Service	NIC Code	% of total Turnover contributed
1.	Fertilizers	20121	97.48%

#### **III. Operations**

##### **16. Number of locations where plants and/or operations/offices of the entity are situated:**

Location	Number of plants	Number of offices	Total
National	1	6	7
International	Nil	Nil	Nil

##### **17. Markets served by the entity:**

###### **a. Number of locations**

Location	Number
National (No. of States)	6
International (No. of Countries)	Nil

###### **b. What is the contribution of exports as a percentage of the total turnover of the entity?**

- No export of fertilizers

###### **c. A brief on types of customers**

- Company serves distributors, dealers, State cooperatives & farmer produce organizations
- Farmers are our end customers

#### IV. Employees

##### 18. Details as at the end of Financial Year:

###### a. Employees and workers (including differently abled):

Sl. No.	Particulars	Total	Male		Female	
		(A)	No. (B)	% (B/A)	No. (B)	% (B/A)
EMPLOYEES						
1.	Permanent (D)	599	586	97.83	13	2.17
2.	Other than Permanent (E)	0	0	0	0	0
3.	Total Employees (D+E)	599	586	97.83	13	2.17
WORKERS						
1.	Permanent (F)	6	6	100	0	0
2.	Other than Permanent (G)	491	476	96.95	15	3.05
3.	Total Employees (F+G)	497	482	96.98	15	3.02

###### b. Differently abled Employees and workers:

Sl. No.	Particulars	Total	Male		Female	
		(A)	No. (B)	% (B/A)	No. (B)	% (B/A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	-	-	-	-	-
2.	Other than Permanent (E)	-	-	-	-	-
3.	Total differently abled employees (D+E)	-	-	-	-	-
DIFFERENTLY ABLED WORKERS						
1.	Permanent (F)	-	-	-	-	-
2.	Other than Permanent (G)	-	-	-	-	-
3.	Total differently abled workers (F+G)	-	-	-	-	-

##### 19. Participation/Inclusion/Representation of women:

	Total	No. and percentage of Females	
	(A)	No. (B)	% (B/A)
Board of Directors*	6	1	16.67%
Key Management Personnel	2	Nil	Nil

\* Whole-time Director included in Board of Directors category.

##### 20. Turnover rate for permanent employees and workers

	FY 2022-2023 (Turnover rate in current FY)			FY2021-2022 (Turnover rate in previous FY)			FY2020-2021 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	5.60	13.79	5.79	3.10	6.25	3.18	1.78	5.71	1.87
Permanent Workers	0	0	0	0	0	0	0	0	0

#### V. Holding, Subsidiary and Associate Companies (including joint ventures)

##### 21. (a) Names of holding/subsidiary/associate companies/joint ventures

Sl. No.	Name of the holding/subsidiary/associate companies/Joint ventures (A)	Indicate whether holding/Subsidiary/Associate/Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity
1.	Zuari Agro Chemicals Limited	Holding	54.03%	No

## VI. CSR Details

22. (i) Whether CSR is applicable as per Section 135 of Companies Act, 2013 (Yes/No): Yes

(ii) Turnover (in INR) : 36,415,239,743

(iii) Net worth (in INR) : 8,031,881,849

## Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No/NA) (If yes, then provide web-link for grievance redress policy)	FY 2022-2023 (Current Financial Year)			FY 2021-2022 (Previous Financial Year)		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	0	0	0	0	0	0
Investor (other than shareholders)	Yes	0	0	0	0	0	0
Shareholders	Yes	08	0	Resolved	08	0	Resolved
Employees and workers	Yes	0	0	0	0	0	0
Customers/Consumers	Yes	0	0	0	0	0	0
Value Chain Partners	Yes	0	0	0	0	0	0
Others (please specify)	NA	0	0	0	0	0	0

The grievance redressal mechanism can be accessed at the weblink – [https://www.mangalorechemicals.com/investor/investor\\_cdig](https://www.mangalorechemicals.com/investor/investor_cdig)

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

Sl. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Climate Change	Opportunity	Continuous improvement in efficiency by bench marking, plant upgradation, adopting new technologies, increasing renewable energy generation enables us to produce our fertilizer products with lower carbon foot print and at lower cost.	NA	Positive
2.	Demand for products	Opportunity	Balanced use of fertilizers helps to maintain good soil health and achieve better yield. Company conducts several farmer training programmes on balanced and optimum use of fertilizers. Optimum consumption and better yield results in sustainable growth of demand	NA	Positive

Sl. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
3.	Raw material availability	Risk	Key raw materials natural gas, phosphoric acid and ammonia are imported.	Ammonia production capacity is increased partially substituting import. Natural gas supply is secured through mid / long terms contracts.	Negative
4.	Ethics and Governance	Risk	MCFL strives to maintain the highest standards of ethics and governance. It is well aware of the negative impact on brand reputation if such practices are not fully adhered to.	We ensure all employees adhere to Code of Conduct and ethics	Negative
5.	Human Capital	Opportunity	MCFL needs to nurture talent by providing a conducive work environment to improve the motivation of employees and thereby, contribute to the growth and development of business safe workplace is important for utilization of potential. Workplace safety is improved continuously by upgrading technologies and adopting best practices	NA	Positive
6.	Social and Community development	Opportunity	Social acceptance is key in safe operation and business expansion	NA	Positive
7.	Supply Chain	Opportunity	Associating with reputed suppliers and vendors and development of quality suppliers is important for reliable operation, cost effective solutions and reduced downtime.	NA	Positive

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the National Guidelines on Responsible Business Conduct (NGRBC) Principles and Core Elements.

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
<b>Policy and management processes</b>									
1a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link of the Policies, if available	<a href="https://www.mangalorechemicals.com/investor/investor_cbc">https://www.mangalorechemicals.com/investor/investor_cbc</a> <a href="https://www.mangalorechemicals.com/investor/code_of_conduct_to_regulate_monitor_and_report_trading_by_an_insider">https://www.mangalorechemicals.com/investor/code_of_conduct_to_regulate_monitor_and_report_trading_by_an_insider</a> <a href="https://www.mangalorechemicals.com/investor/policies">https://www.mangalorechemicals.com/investor/policies</a>								
2. Whether the entity has translated the policy into procedures. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y

Disclosure Questions		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes										
4.	Name of the national and international codes/certifications/labels/standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	1) ISO 14001:2015 Environmental Management Systems 2) ISO 45001:2018 Occupational Health & Safety Management Systems 3) ISO 22000:2018 Food Safety Management Systems (for production of Ammonium Bi Carbonate) 4) ISO 17025:2017 General requirements for the competence of testing and calibration laboratories								
5.	Specific commitments, goals, and targets set by the entity with defined timelines, if any.	MCFL is committed to the conduct of the business with highest ethical and governance standards. Best in class products are being offered by constant quality improvement initiatives. MCFL is in the process of setting ESG targets at organization level within the defined boundaries.								
6.	Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met.	MCFL has implemented governing policies to conduct its operations in compliance with the highest governance standards. Improvements in the products offered are made basis the customer feedback with focus on environmental, health and safety impacts of the products.								
Governance, leadership, and oversight										
7.	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements (listed entity has flexibility regarding the placement of this disclosure)  The Company understand the importance of ESG in ensuring sustainable future and long term success of business by operating responsibly by maintaining trust among our stakeholders.  The Company is actively working on implementing energy efficient practices and renewal energy sources, to minimize emissions. Over the past year, we have reduced our carbon emissions through the implementation of Ammonia Energy Improvement Project and constantly aiming to reduce further carbon footprint.  The Company places high priority on the well being and the safety of its employees and workers, constantly upgrading and investing in occupational health safety measures. The organization also acknowledges the significance of gender diversity and strives to foster an environment that promotes equal opportunities and inclusion.  Our customers are our key stakeholders and in pursuit of their well being we are committed to provide best-in-class products and services in a sustainable and responsible manner. Moreover, we constantly enhance our corporate governance practices ensuring transparency, accountability and ethical conduct at all levels of our organization.  In terms of Corporate Social Responsibility, we continue to make significant contributions in the area of education, rural development, healthcare, sanitation, employability and empowerment, animal welfare and soil health etc., for the underprivilge community living in the villages located near our plant in Mangalore besides our marketing territories.  We continue to remain committed for continuous improvement and innovation on ESG to ensure that we create long term value for our stakeholders and contribute positively to the communities and environments in which we operate.									
8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility Policy (ies).	Mr. Nitin M Kantak, Whole-time Director.								
9.	Does the entity have a specified Committee of the Board / Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	No								

10.	Details of Review of NGRBC by the Company:																			
	<b>Subject for Review</b>	<b>Indicate whether review was undertaken by Director/ Committee of the Board/Any other Committee</b>									<b>Frequency (Annually / Half yearly/ Quarterly / Any other – please specify)</b>									
		<b>P 1</b>	<b>P 2</b>	<b>P 3</b>	<b>P 4</b>	<b>P 5</b>	<b>P 6</b>	<b>P 7</b>	<b>P 8</b>	<b>P 9</b>	<b>P 1</b>	<b>P 2</b>	<b>P 3</b>	<b>P 4</b>	<b>P 5</b>	<b>P 6</b>	<b>P 7</b>	<b>P 8</b>	<b>P 9</b>	
	Performance against above policies and follow up action	Yes, the review is undertaken by the Board									Quarterly									
	Compliance with statutory requirements of relevance to the principles,and rectification of any non-compliances	Yes, the review is undertaken by the Board									Quarterly									
11.	Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.									<b>P 1</b>	<b>P 2</b>	<b>P 3</b>	<b>P 4</b>	<b>P 5</b>	<b>P 6</b>	<b>P 7</b>	<b>P 8</b>	<b>P 9</b>	Company's policies are not audited/evaluated by external agencies. However, as a good corporate practice, the policies are reviewed by various committees of the Board of Directors and the Board of Director reviews, amends the policies on periodical basis to incorporate statutory and business requirements.	

**12. If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:**

<b>Questions</b>	<b>P 1</b>	<b>P 2</b>	<b>P 3</b>	<b>P 4</b>	<b>P 5</b>	<b>P 6</b>	<b>P 7</b>	<b>P 8</b>	<b>P 9</b>
The entity does not consider the Principles material to its business (Yes/No)	Not applicable								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

**SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE**

**PRINCIPLE 1 - Business should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.**

**Essential Indicators**

**1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:**

<b>Segment</b>	<b>Total number of training and awareness programmes held</b>	<b>Topics/principles covered under the training and its impact</b>	<b>% age of persons in respective category covered by the awareness programmes</b>
Board of Directors	1	Independent Director/s is/are familiarized about the Company's operations and businesses and the Board of Directors are briefed on ethical and social accountable conduct of business along with the features of the Ammonia Energy Improvement Project besides updates on various government policies, ESG matters, and safety related issues which provide awareness on the nine principles of NGRBC.	100%
Key Managerial Personnel	1		
Employees other than Board of Directors and KMPs	1	Training and awareness programmes conducted on nine principles of NGRBC	100%
Workers	1		



2. Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as disclosed on the entity's website):

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/judicial institutions	Amount (INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Nil					
Non-Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial Institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)	
Imprisonment	Nil				
Punishment					

3. Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed

Case Details	Name of the regulatory/enforcement agencies/judicial institutions
Not Applicable	

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy

- Yes. Policy implemented and covered as part of Business Conduct program. Also available on Company's Website <https://www.mangalorechemicals.com/assets/frontend/pdfs/6Codeofbusinessconductandethicsnew.pdf>.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the changes of bribery/corruption:

	FY 2022-2023	FY 2021-2022
Directors	Nil	Nil
KMPs		
Employees		
Workers		

6. Details of complaints with regard to conflict of interest:

	FY 2022-23 (Current Financial Year)		FY 2021-2022 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil		Nil	
Number of complaints received in relation to issues of Conflict of Interest of the KMPs				

7. Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflict of interest.

- Not Applicable

## Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year:

Total number of awareness programmes held	Topics/principles covered under the training	% of value chain partners covered (by value of business done with such partners) under the awareness programmes
Nil	Not Applicable	Not Applicable

2. Does the entity have processes in place to avoid/manage conflict of interest involving members of the Board? (Yes/No) If Yes, provide details of the same.

- Yes, Directors are covered under the Code of Business conduct.

## PRINCIPLE 2 - Businesses should provide goods and services in a manner that is sustainable and safe

### Essential Indicators

- Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
Research & Development (R&D)	-	-	The Company is a manufacturing sector, hence, not engaged in any major Research and Development activity. However, the Company makes best efforts to improve the efficiency and reliability of its plants and quality of the products.
Capex	76%	29%	Ammonia (intermediate product in Urea production) Plant was revamped (Commissioned in September 2022) to reduce specific energy consumption of Urea Production with an investment of INR 435 crore. The revamped plant has achieved a reduction of Specific Energy consumption of Urea production by 11.5%. The reduction in specific energy consumption has reduced CO2 emission by about 56 kg/t of Urea which is about 21250 t of CO2 / year.

- a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

- Yes

- If yes, what percentage of inputs were sourced sustainably?**

- Procuring green energy for non urea electrical energy consumption (8.3% - 16.3 MU) and Renewable energy certificates to the extent of about 15.2%(30.1 MU) for the year 2022-23.

Motor specifications are standardized as IE3/IE4 and Light fixtures are standardized as LED. 100% motors and Lightings sourced in 2022-23 are IE3/4 & LEDs.

- Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

- MCF's products in the market produce only Plastic waste (packaging) and do not produce any E-Waste, Hazardous and other wastes. The process of reclaiming Plastic waste is given below -

Plastics (Including packaging) –

The company is registered as Brand Owner as per Plastic Waste Management Rules, 2016 (and amendments) by Central Pollution Control Board.

Under Extended Producer Responsibility (EPR), MCF has appointed a Waste Management Agency as per Plastic Waste Management Rules, 2016 (and amendments) to collect, transport and recycle the plastic waste.

- Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No)**

- Yes. EPR is applicable to the entity's activities.

**If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

- Yes. A Waste Management Agency has been appointed to collect, transport and recycle the plastic waste under EPR.

### Leadership Indicators

- Has the entity conducted Life Cycle Perspective/Assessment (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? (Yes/No). If yes, provide details in the following format? - No**

NIC code	Name of Product/Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective/Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link
LCA not carried out for any of the product.					

- If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessment (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Name or Product/Service	Description of the risk/concern	Action Taken
Not applicable as LCA is not carried out.		

**3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry)**

Indicate input material	Recycled or re-used input material to total material	
	FY2022-2023	FY2021-2022
The input raw materials are not re-cyclable and not re-usable in nature		

**4. Of the products and packaging reclaimed at end of life of products, amount [in Metric Tons (MT)] reused, recycled, and safely disposed, as per the following format:**

	FY 2022-2023 (Current Financial Year)			FY 2021-2022 (Previous Financial Year)		
	Re-Used (MT)	Recycled (MT)	Safely Disposed (MT)	Re-Used (MT)	Recycled (MT)	Safely Disposed (MT)
Plastics (including packaging)	Nil	1600	Nil	Nil	555.45	Nil
E-waste	Nil	Nil	Nil	Nil	Nil	Nil
Hazardous waste	Nil	Nil	Nil	Nil	Nil	Nil
Other waste	Nil	Nil	Nil	Nil	Nil	Nil

**5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
The fertilizer products are chemical products produced by the company cannot be reclaimed as they are consumed in their end use. The company reclaims packaging materials of bagged products as per EPR guidelines. Total packaging materials recycled as per EPR guidelines are 555.45 tonnes in 2021-22 and 1600 tonnes in 2022-23.	

**PRINCIPLE 3 - Businesses should respect and promote the well-being of all employees, including those in their value chain.**

**Essential Indicators**

**1. a. Details of measures for the well-being of employees:**

% of employees covered by											
Category	Total (A)	Health Insurance		Accident Insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	586	586	100	586	100	-	-	586	100	586	100
Female	13	13	100	13	100	13	100	-	-	13	100
Total	599	599	100	599	100	13	2.17	586	97.83	599	100
Other than Permanent employees											
Male	0	0	0%	0	0%	0	0%	0	0%	0	0%
Female	0	0	0%	0	0%	0	0%	0	0%	0	0%
Total	0	0	0%	0	0%	0	0%	0	0%	0	0%

**b. Details of measures for the well-being of workers:**

% of workers covered by											
Category	Total (A)	Health Insurance		Accident Insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent workers											
Male	6	6	100	6	100	Nil	Nil	6	100	6	100
Female	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total	6	6	100	6	100	Nil	Nil	6	100	6	100
Other than Permanent workers											
Male	476	476	100	476	100	Nil	Nil	Nil	Nil	476	100
Female	15	15	100	15	100	15	100	Nil	Nil	15	100
Total	491	491	100	491	100	15	3.05	Nil	Nil	491	100

## 2. Details of retirement benefits, for Current FY and Previous Financial Year

Benefits	FY2022-2023 (Current Financial Year)			FY2021-2022 (Previous Financial Year)		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	100	Y	100	100	Y
Gratuity	100	100	Y	100	100	Y
ESI	5.18	-	Y	9.26	-	Y
Others – please specify	-	-	-	-	-	-

## 3. Accessibility of workplaces

Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard. - Yes

## 4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

- Yes. Equal opportunity policy is available on Company's Website - [https://www.mangalorechemicals.com/investor/investor\\_equal\\_opportunity\\_policy](https://www.mangalorechemicals.com/investor/investor_equal_opportunity_policy)

## 5. Return to work & Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	100%	100%
Female	100%	100%	NA	NA
Total	100%	100%	100%	100%

## 6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	Yes – Grievance Redressal Mechanism forum is available for reporting, by way of direct approach to immediate Head/Supervisor/Manager
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

## 7. Membership of employees and workers in association(s) or Unions recognized by the listed entity:

Category	FY 2022-2023 (Current Financial Year)			FY 2021-2022 (Previous Financial Year)		
	Total employees/workers in respective category (A)	No. of employees/workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/workers in respective category (C)	No. of employees/workers in respective category, who are part of association(s) or Union (D)	% (C/D)
<b>Total Permanent Employees</b>						
Male	586	0	0	626	0	0
Female	13	0	0	17	0	0
<b>Total Permanent Workers</b>						
Male	6	6	100%	8	8	100%
Female	-	-	-	-	-	-

**8. Details of training given to employees and workers:**

Category	FY 2022-2023 (Current Financial Year)					FY 2021-2022 (Previous Financial Year)				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	%(B/A)	No. (C)	%(C/A)		No. (E)	%(E/D)	No. (F)	%(F/D)
Employees										
Male	586	341	58.19	398	67.92	626	283	45.21	312	49.84
Female	13	6	46.15	8	61.54	17	0	0	12	70.59
Total	599	347	57.93	406	67.78	643	283	44.01	324	50.39
Workers										
Male	6	0	0	1	16.67	8	2	25.00	1	12.50
Female	-	-	-	-	-	-	-	-	-	-
Total	6	0	0	1	16.67	8	2	25.00	1	12.50

**9. Details of performance and career development reviews of employees and worker:**

Category	FY 2022-2023 (Current Financial Year)			FY 2021-2022 (Previous Financial Year)		
	Total (A)	No. (B)	%(B/A)	Total (C)	No. (D)	%(D/C)
<b>Permanent Employees</b>						
Male	586	586	100	626	626	100
Female	13	13	100	17	17	100
<b>Total</b>	<b>599</b>	<b>599</b>	<b>100</b>	<b>643</b>	<b>643</b>	<b>100</b>
<b>Permanent Workers</b>						
Male	6	6	100	6	6	100
Female	-	-	-	-	-	-
<b>Total</b>	<b>6</b>	<b>6</b>	<b>100</b>	<b>6</b>	<b>6</b>	<b>100</b>

**10. Health and safety management system:**

**a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage of such system?**

- Yes. MCFL has implemented OHS Management System as per ISO 45001: 2018 in the factory. The scope of the system is - Manufacture of ammonia, urea, phosphatic fertilizers (Di-ammonium phosphate, NP 20:20 and NP 16:20), ammonium bicarbonate, sulphuric acid, sulphonated naphthalene formaldehyde, specialty mixtures of plant nutrients - micro nutrients, speciality fertilizer mixtures, fertigation products and soil conditioners.

**b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

- As a part of OHS Management System, Hazard Identification and Risk Assessment (HIRA) has been carried out for all the routine and non-routine activities carried out by all the departments in the factory.
- A formal procedure is adopted for carrying out HIRA across the factory. Activities involving 'Significant Risks' have been identified through HIRA. The HIRA register is reviewed annually or during any process changes or incidents.
- New processes, any change or modification to the existing process/equipment and installation of any new equipment is undertaken only after a Management of Change Study for ascertaining risks involved.
- HAZOP Study is carried out for process related modifications to identify and address process related risks.
- Safety audit of the whole factory is carried out by a third party agency annually.

**c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Yes/No)**

- Yes.
- Near Miss reporting system is established in the factory. Under this system, any employee can report potential unsafe conditions/work related hazards.
  - All near misses reported by employees are investigated and suitable recommendations are made to avoid their recurrence. Near misses reported are assessed by a committee and valid near misses are selected for reward.
  - Any process modification required to mitigate such hazard is carried out through Change Management System.
  - To recognize the efforts of employees in identifying and reporting hazards at work place, a monetary reward and an appreciation letter from the Unit Head is given to each employee who reports valid near miss.

**d. Do the employees/worker of the entity have access to non-occupational medical and healthcare services? (Yes/No)** - Yes

## 11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022-2023 (Current Financial Year)	FY 2021-2022 (Previous Financial Year)
Lost time Injury Frequency Rate (LTIFR) (per one million-person injuries)	Employees	0	0
	Workers	0	0
Total recordable work-related injuries (LTA)	Employees	0	0
	Workers	0	0
No. of fatalities	Employees	0	0
	Workers	0	0
High consequences work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

## 12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

- At MCF, Safety and health of the employees is given the highest priority. The company is certified for ISO 14001 & ISO 45001 standards for excellence in Safety, Health and Environmental Management Systems. Japanese 5'S' technique is adopted at all locations of the factory.

A dedicated Fire & Safety Department functions in the plant round the clock. A foam tender, a multi-purpose tender and an Ambulance are always kept ready for any response.

The Company has taken several measures to strengthen safety systems inside the factory.

- Natural Gas leak detectors and InfraRed-type flame detectors are installed in vicinity of natural gas handling areas of the entire plant.
- Ammonia gas leak detectors have been installed in all areas of ammonia handling.
- Hydrogen gas leak detectors have been installed in all areas of hydrogen and syngas handling.
- These gas detectors installed for early detection of any gas leaks and fires.
- The factory is protected by a well-laid fire hydrant system with dedicated fire hydrant pumps and water storage of adequate capacity. Fire detection and alarm system is installed in the buildings like MCC Rooms, Electrical Substation, DG Rooms, all Office areas, Main Stores, New cable gallery in Captive Power Plant, Panel area in MPSS and New PLC room to detect any fires at preliminary stages and alert the in-house Fire Station.
- Transformers are protected with High Velocity Water Spray System.
- The Engine Room of the Captive Power Plant is equipped with high-rate ventilating fans to prevent accumulation of flammable gas inside the building. The area is also protected by InfraRed-type flame detectors for early detection fires.
- 'Safe-Owl' – a new Fire & Safety Equipment Inspection software for logging the inspection data of various safety and firefighting equipment on an online platform is in place.
- Safety audit of the entire factory is conducted annually by third party.
- Plant personnel are provided with quality and reliable Personal Protective Equipment, carefully selected and procured from reputed manufacturers.
- Extensive training programmes related to fire prevention and basic firefighting, usage of breathing apparatus, usage of personal protective equipment, emergency management, work permit system, Safety, Health and Environment management system is regularly imparted to employees, workers and contractor's workers.
- A well-defined Emergency Preparedness Plan is in place and it is updated regularly.
- Regular mock drills are conducted to check the emergency preparedness.
- Promotional campaigns like National Safety Day, Fire Service Week and Chemical Disaster Prevention week are observed every year.
- Public Awareness Programmes are periodically conducted in various institutions and villages surrounding the factory to impart awareness on Company's Operations, Safety, and Environment Management Systems.

MCF has a well-equipped Occupational Health Centre. A qualified Doctor is in charge of the OHC and it is manned round the clock by qualified and trained Male Nurses.

- The OHC is equipped with 6 beds, the latest medical equipment, centralised oxygen system, automated external defibrillator, ECG machine, Oxygen concentrator, Suction apparatus etc.
- A comprehensive health check up is conducted for all employees of the company annually.
- Specialized health checkups like pulmonary function test, audiometry etc are conducted for employees working in specific zones.
- Additional health check ups are conducted for employees and contractors' employees working in canteen and food grade Ammonium Bi Carbonate plants.
- Regular Medical camps are organized at various places in the neighborhood areas of the factory under CSR.



**13. Number of Complaints on the following made by employees and workers:**

	FY 2022-2023 (Current Financial Year)			FY 2021-2022 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	-	0	0	-
Health & Safety	0	0	-	0	0	-

**14. Assessments for the year:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

**15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.**

Following correctives actions taken/underway to address significant risks arising from assessments of health & safety practices and working conditions-

- Flame proof fittings are being provided in DAP Plant battery room.
- Sprinkler system is installed for Ammonia Pumps in DAP Plant
- Moisture trap is provided for compressed air receiver V903
- Arrangements made for box up of the end flange of chemical unloading hoses in SNF Plant.
- Ordinary electrical fittings are being replaced with flame proof fittings in SNF Plant.
- Fire Extinguishers are provided for all unmanned Cable Gallery Rooms
- Exhaust fans provided in Urea/Ammonia UPS Batteries Rooms to improve Ventilation
- Double body earthing is provided for all motors in DAP Plant & Specialty Fertilizer Plants.
- Illumination is improved by additional lighting in DAP Silo working area & Main stores area.
- Soft start is provided for compressor motor in Sulphuric Acid Plant.

**Leadership Indicators**

**1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N) - Yes**

**2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

- Adherence to the applicable statutory provisions of laws with regard to payment and deduction of statutory dues is incorporated in the contract with the value chain partners. Further, the Company ensures that the same is complied by the value chain partners by obtaining proof of payments, verifying / matching details uploaded in Government portals etc., wherever feasible.

**3. Provide the number of employees/workers having suffered high consequence work-related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been/are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment)**

	Total no. of affected employees/workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-2023 (Current Financial Year)	FY 2021-2022 (Previous Financial Year)	FY 2022-2023 (Current Financial Year)	FY 2021-2022 (Previous Financial Year)
Employees	0	0	0	0
Workers				

**4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No) - No**

**5. Details of assessment of value chain partners:**

- Not assessed

	% of value chain partners (by value of business done with such partners) that were assessed
Health and Safety Practices	Nil
Working Conditions	Nil

**6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

- None

## PRINCIPLE 4 - Business should respect the interest of and be responsive to all its stakeholders

### Essential Indicators

#### 1. Describe the processes for identifying key stakeholder groups of the entity.

- The internal and external stakeholders who have a direct influence on Company's operations and activities are identified as key stakeholder groups.

#### 2. List stakeholder groups identified as key for your entity and the frequency or engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice, Board Website), Other	Frequency of engagement (Annually/Half yearly/Quarterly/ others-please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	Emails, Notice Boards	Continuous	Purpose and scope of engagement is communication for attending queries / grievance / notice / complaints / Suggestion/concerns and providing response, solutions, and assurance.
Local communities	Yes	Newspapers, Meetings and others.	As required	
Customers	No	Pamphlets, Meetings, website	As required	
Investors and Stakeholders	No	Emails, Newspapers, Notice and Website	Quarterly/Half-yearly and Annually	
Suppliers and vendors	No	Emails	Continuous	
Government Bodies	No	Emails, website	Continuous	

### Leadership Indicators

#### 1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

- The Company's management interacts with its key stakeholders i.e. investors, customers, suppliers, employees, etc. The management updates the progress on the actions taken to the Board and takes inputs and guidance from the Board periodically.

#### 2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No), If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

- Yes, the Company engages with its stakeholders in terms of identifying and prioritizing the issues pertaining to economic, environmental and social topics.

#### 3. Provide details of instances of engagement with and action taken to, address the concerns of vulnerable/marginalized stakeholder groups.

Instances of engagements with vulnerable / marginalized stakeholder groups -

- Conducted health & eye camps, distribution of artificial limbs and hearing aids in presence of local public representatives.
- Literacy drive through conducting adult education programmes
- Distribution of assets and food kits
- Promoting hygiene and sanitation in rural areas by constructing toilets and providing drinking water facilities
- Providing cattle treatment facilities to farming communities

## PRINCIPLE 5 - Businesses should respect and promote human rights.

### Essential Indicators

#### 1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2022-2023 (Current Financial Year)			FY 2021-2022 (Previous Financial Year)		
	Total (A)	No. of employees/workers covered (B)	% (B/A)	Total (A)	No. of employees/workers covered (B)	% (B/A)
<b>Employees</b>						
Permanent	599	599	100	0	0	0
Other than permanent	0	0	0	0	0	0
Total Employees	599	599	100	0	0	0
<b>Workers</b>						
Permanent	6	6	100	0	0	0
Other than permanent	491	0	0	0	0	0
Total Workers	497	6	1.21	0	0	0

**2. Details of Minimum wages paid to employees and workers, in the following format:**

Category	FY 2022-2023 (Current Financial Year)					FY 2021-2022 (Previous Financial Year)				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)			No. (E)	% (E/D)	No. (F)
Employees										
Permanent	599	0	0	599	100	643	0	0	643	100
Male	586	0	0	586	100	626	0	0	626	100
Female	13	0	0	13	100	17	0	0	17	100
Other than Permanent	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Male	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Female	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Workers										
Permanent	6	0	0	6	100	8	0	0	8	100
Male	6	0	0	6	100	8	0	0	8	100
Female	0	0	0	0	0	0	0	0	0	0
Other than Permanent	491	0	0	491	100	574	0	0	574	100
Male	476	0	0	476	100	559	0	0	559	100
Female	15	0	0	15	100	15	0	0	15	100

**3. Details of remuneration/salary/wages, in the following format:**

	Male		Female	
	Number	Median remuneration/salary/wages of respective category	Number	Median remuneration/salary/wages of respective category
Board of Directors (BOD)*	5	5,00,000	1	5,00,000
Key Managerial Personnel	2	94,15,026	0	0
Employees other than BOD and KMP	584	6,42,078	13	9,27,168
Workers	6	6,02,361	0	0

\*excluding sitting fees, Whole-time Director included in Board of Directors category.

**4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No) - Yes**

**5. Describe the internal mechanism in place to redress grievances related to human rights issues.**

- MCF is committed to providing a safe and positive work environment. In keeping with this philosophy, the organization envisages an open-door policy. Employees also have access to several forums where they can highlight matters or concerns faced at the workplace.

**6. Number of Complaints on the following made by employees and workers:**

	FY 2022-2023 (Current Financial Year)			FY 2021-2022 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	Nil	Nil	Nil	Nil	Nil	Nil
Discrimination at workplace	Nil	Nil	Nil	Nil	Nil	Nil
Child Labor	Nil	Nil	Nil	Nil	Nil	Nil
Forced Labor/Involuntary Labor	Nil	Nil	Nil	Nil	Nil	Nil
Wages	Nil	Nil	Nil	Nil	Nil	Nil
Other human rights related issues	Nil	Nil	Nil	Nil	Nil	Nil

**7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

- Grievance mechanism with respect to Code of Business Conduct is in place.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No) - Yes

9. Assessment for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labor	Nil
Forced/Involuntary labor	Nil
Sexual harassment	Nil
Discrimination at workplace	Nil
Wages	Nil
Others	Nil

10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.

- Not applicable.

### Leadership Indicators

1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.

- None

2. Details of the scope and coverage of any human rights due diligence conducted.

- Not conducted

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

- Corporate office is accessible

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	Nil
Discrimination at workplace	Nil
Child Labor	Nil
Forced Labor/Involuntary Labor	Nil
Wages	Nil
Others-please specify	Nil

5. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above.

- Not applicable

### PRINCIPLE 6 - Businesses should respect and make efforts to protect and restore the environment

#### Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2022-2023 (Current Financial Year) (Giga Joules)	FY 2021-2022 (Previous Financial Year) (Giga Joules)
Total electricity consumption (A)	196688	182083
Total fuel consumption (B)	8896685	11527768
Energy consumption through other sources (C)	0	0
<b>Total energy consumption (A+B+C)</b>	9093373	11709851
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees)	0.000250	0.000404
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency - No

**2. Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

- Urea production is identified under PAT Scheme, energy savings targets for the Company were achieved for PAT Cycle I and II, while targets are not assigned to fertilizer industries (Urea Sub-sector) thereafter.

**3. Provide details of the following disclosures related to water, in the following format:**

Parameter	FY 2022-2023 (Current Financial Year)	FY 2021-2022 (Previous Financial Year)
<b>Water withdrawal by source (in kiloliters)</b>		
(i) Surface (Municipality) water	2423250	2862850
(ii) Ground water	0	0
(iii) Third party water	0	0
(iv) Sea water/desalinated water	0	0
(v) Others	0	0
<b>Total volume of water withdrawal (in kiloliters) (i+ii+iii+iv+v)</b>	2423250	2862850
<b>Total volume of water consumption (in kiloliters)</b>	2423250	2862850
<b>Water intensity per rupee of turnover</b> (Water consumed/turnover)	0.000068	0.000096
<b>Water intensity</b> (optional) – the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency - No

**4. Has the entity implemented a mechanism for Zero Liquid Discharge (ZLD)? If yes, provide details of its coverage and implementation.**

- The company has implemented a mechanism for Zero Liquid Discharge (ZLD) in the year 2011. ZLD is achieved by treating the trade and domestic effluents in ETP and STPs and reusing it within the factory.

**5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	Unit	FY2022-2023 (Current Financial Year)	FY2021-2022 (Previous Financial Year)
NOx	kg/t of Urea	0.345	0.649
Sox	Kg/t of Sulphuric Acid	0.941	1.025
Particulate matter (PM)	Kg/t of Urea	0.656	0.715
	Kg/t DAP+NP20	0.339	0.381
Persistent organic pollutants (POP)	-	Nil	
Volatile organic compounds (VOC)	-	Nil	
Hazardous air pollutants (HAP)	-	Nil	
Others – please specify	-	Nil	

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? If yes, name of the external agency - No

**6. Provide details of greenhouse gas emission (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameter	Unit	FY2022-2023 (Current Financial Year)	FY2021-2022 (Previous Financial Year)
<b>Total Scope 1 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>2</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	MTs of CO <sub>2</sub>	224845	269981
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	-	Not available	
<b>Total Scope 1 and Scope 2 emissions per rupee of turnover</b>	Kg/Re	0.006	0.009
<b>Total Scope 1 and Scope 2 emission intensity</b> (optional) – the relevant metric may be selected by the entity	-	-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by external agency? If yes, name of the external agency. - No

**7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.**

- Yes

- Ammonia Plant Revamp
  - Ammonia plant (Ammonia is an intermediate product in Urea production) was revamped in September 2022 (commissioning)

with aim to reduce specific energy consumption with an investment of INR 435 crore. Revamp was designed by Leading technology company KBR. The revamp of ammonia plant has resulted in reduction in specific consumption by 11.5%, with an increase of 25% production capacity. The reduction in specific energy consumption has reduced about 56 kg of Co2 /t of Urea.

- The revamp is an important milestone in history of the company as the plant is upgraded to latest technology, aged equipment is replaced with new generation equipment resulting in increased safety, efficiency and production.

**8. Provide details related to waste management by the entity, in the following format:**

Parameter	FY2022-2023 (Current Financial Year)	FY2021-2022 (Previous Financial Year)
<b>Total Waste generated (in metric tons)</b>		
Plastic waste (A)	1700	1600
E-waste (B)	21.18	5.77
Bio-medical waste (C)	0.109	0.126
Construction and demolition waste (D)	Nil	Nil
Battery waste (E)	6.2	5.090
Radioactive waste (F)	Nil	Nil
Other Hazardous waste. Please specify, if any. (G)		
Used oil	14.162	18.602
Waste oil	91.126	111.88
Spent catalyst	-	23.0
Discarded container	3.244	10.16
Spent cake	10.62	10.58
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)		
Metal and metal bearing waste	495.84	357.87
<b>Total (A+B+C+D+E+F+G+H)</b>	<b>2342.481</b>	<b>2143.078</b>
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tons)</b>		
Category of waste : Plastic Waste (A)		
(i) Recycled (as per EPR under Plastic waste Management Rules,2016)	1600	555.45
(ii) Re-used	0	0
(iii) Other recovery operations	0	0
<b>Total</b>	<b>1600</b>	<b>555.45</b>
Category of waste: Hazardous Waste (G) Spent Cake		
(i) Recycled	0	0
(ii) Re-used	10.62	10.58
(iii) Other recovery operations	0	0
<b>Total</b>	<b>10.62</b>	<b>10.58</b>
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tons)</b>		
Category of waste: As given below		
(i) Incineration	0	0
(ii) Landfilling	0	0
(iii) Other disposal operations	631.861	532.49

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency?

(Y/N) If yes, name of the external agency. - No

**9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

- Separate areas are created for collection of wastes. All types of wastes are segregated at sources and stored scientifically in their designated places and disposed through Pollution Control Board authorized waste handling agencies.



10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details in the following format: - No

Sl. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
Not Applicable			

11. Details of environmental impact assessment of projects undertaken by the entity bases on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency	Results communicated in public domain	Relevant Web link
Not Applicable					

12. Is the entity compliant with the applicable environmental law/regulations/guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliance, in the following format: - Yes

Sl. No	Specify the law/ regulation/guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control board or by courts	Corrective action taken if any
Not Applicable				

## Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2022-2023 (Current Financial Year)	FY2021-2022 (Previous Financial Year)
<b>From renewable sources (In Giga Joules, GJ)</b>		
Total electricity consumption (A)	1076	1141
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
<b>Total energy consumed from renewable sources (A+B+C)</b>	<b>1076</b>	<b>1141</b>
<b>From non-renewable sources (In Giga Joules, GJ)</b>		
Total electricity consumption (D)	195612	180942
Total fuel consumption (E)	8896685	11527768
Energy consumption through other sources (F)	0	0
Total energy consumed from non-renewable sources	9092297	11708710

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - No

2. Provide the following details related to water discharged:

Parameter	FY 2022-2023 (Current Financial Year)	FY2021-2022 (Previous Financial Year)
<b>Water discharge by destination and level of treatment (in kiloliters)</b>		
(i) To Surface water	0	0
- No treatment		
- With treatment-please specify level of treatment		
(ii) To Ground water	0	0
- No treatment		
- With treatments – please specify level of treatment		
(iii) To Sea water	0	0
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third parties	0	0
- No treatment		
- With treatment – please specify level of treatment		

Parameter	FY 2022-2023 (Current Financial Year)	FY2021-2022 (Previous Financial Year)
(v) Others	0	0
- No treatment		
- With treatment – please specify level of treatment		
<b>Total water discharged (in kilolitres)</b>	<b>0</b>	<b>0</b>

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? If yes, name of the external agency. - No

### 3. Water withdrawal, consumption, and discharge in areas of water stress (in kilolitres):

For each facility/plant located in areas of water stress, provide the following information:

- (i) Name of the area – Panambur, Mangalore
- (ii) Nature of operations – Plant Operations such as cooling, process consumption, drinking
- (iii) Water withdrawal, consumption, and discharge in the following format:

Parameter	FY 2022-2023 (Current Financial Year)	FY2021-2022 (Previous Financial Year)
<b>Water withdrawal by source (in kiloliters)</b>		
(i) Surface water	2423250	2862850
(ii) Ground water	0	0
(iii) Third party water	0	0
(iv) Sea water/desalinated water	0	0
(v) Others	0	0
<b>Total volume of water withdrawal (in kilolitres)</b>	<b>2423250</b>	<b>2862850</b>
<b>Total volume of water consumption (in kilolitres)</b>	<b>2423250</b>	<b>2862850</b>
<b>Water intensity per rupee of turnover</b> (Water consumed/turnover)	0.000068	0.000096
<b>Water intensity</b> (optional) – the relevant metric may be selected by the entity	-	-
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) Into Surface water	0	0
- No treatment		
- With treatment-please specify level of treatment		
(ii) Into Groundwater	0	0
- No treatment		
- With treatment-please specify level of treatment		
(iii) Into Seawater	0	0
- No treatment		
- With treatment-please specify level of treatment		
(iv) Sent to third parties	0	0
- No treatment		
- With treatment-please specify level of treatment		
(v) Others	0	0
- No treatment		
- With treatment-please specify level of treatment		
<b>Total water discharges (in kilolitres)</b>	<b>0</b>	<b>0</b>

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? If yes, name of the external agency. - No

### 4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2022-2023 (Current Financial Year)	FY2021-2022 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	tonnes	Not available	Not available
Total Scope 3 emissions per rupee of turnover	t/Re turnover	-	-
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity	-	-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? If yes, name of the external agency. - No

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

- Not applicable

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiative, as per the following format:

Sl. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative	Collective action taken, if any
1	Ammonia energy improvement project	Ammonia plant was revamped to reduce specific energy consumption at an investment of INR 435 crore.	Benefits are described under – Principle – 2, Question 1 in Essential Indicators.	-

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/web link.

- Yes. The company has a business continuity and disaster management plan.

#### Business Continuity Plan

Following Systems and procedures are in place at factory in case of major disruption due to fire, flood or any other act of God

- Gas leak detectors for NG and Hydrogen leaks.
- Earthing and bonding to prevent static charges.
- Safe shutdown system and high vents.
- The plant is designed for Wind Speed of 160 KM/Hr, Seismic Zone 3.
- Periodic Risk Based Inspection, Statutory Inspection, Annual Turn Around, RLA, replacement of aged equipment.
- Well laid underground Fire hydrant system
- Periodic mock drills
- Long term contracts for Raw material and water supplies
- Dedicated Fire & Safety Department

#### Disaster Management Plan

- Plants are equipped with Advanced Process Control, Safe shutdown System, Trip interlocks, Burner Management System.
- On-site Emergency plan is in place.
- Mutual Aid agreements with neighboring industries.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

- No significant adverse impact to the environment.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

- Not available

**PRINCIPLE 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

#### Essential Indicators

1. a. Number of affiliations with trade and industry chambers/associations. - 10  
b. List the top 10 trade and industry chambers/association (determined based on the total members of such body) the entity is a member of/affiliated to.

Sl. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/associations (State/National)
1.	Fertilizer Association of India, Delhi	National
2.	National Safety Council	National
3.	Construction Chemicals Manufacturers Association	National
4.	Karnataka Employers' Association	State

Sl. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/associations (State/National)
5.	State Fertilizer Marketing Association	State
6.	Institute of Fire Engineers (India)	National
7.	National Institute of Personnel Management	National
8.	Institute of Engineers	National
9.	Indian Medical Association	National
10.	Kanara Chamber of Commerce and Industry	State

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conducted by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
Nil		

### Leadership Indicators

1. Details of public policy positions advocated by the entity:

Sl. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly/others-please specify)	Web Link, if available
None					

### PRINCIPLE 8 - Businesses should promote inclusive growth and equitable development

#### Essential Indicator

1. Details of Social Impact Assessment (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
Not applicable					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Sl. No.	Name of the Project for which R&R is ongoing	State	District	No. of project affected families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
Not applicable						

3. Describe the mechanism to receive and redress grievances of the community.

- We engage with the community through in-person meetings. We hold special events to interact with farmers and suppliers to engage with them and redress their grievances.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2022-2023 (Current Financial Year)	FY 2021-2022 (Previous Financial Year)
Directly sourced from MSMEs/Small Producers	2.78%	3.43%
Sourced directly from within the district and neighboring districts	Data Not analysed	

### Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessment (Reference: Question 1 of Essential Indicators above):

Details of negative social impacts identified	Corrective action taken
Nil	Not applicable

**2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

Sl. No.	State	Aspirational District	Amount spent (In INR)
1.	Karnataka	Raichur	9,11,786
2.	Karnataka	Yadagiri	8,21,280

**3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized/vulnerable groups? - No**

**(b) From which marginalized/vulnerable groups do you procure? - Not applicable**

**(c) What percentage of total procurement (by value) does it constitute? - Not applicable**

**4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

Sl. No.	Intellectual Property based on traditional knowledge	Owned/Acquired (Yes/No)	Benefit shared (Yes/No)	Basis of calculating benefit share
1.	Patents	No	No	-
2.	Trademark	No	No	-
3.	Copyrights	No	No	-

**5. Details of corrective actions taken on underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

Name of authority	Brief of the Case	Corrective action taken
	None	

**6. Details of beneficiaries of CSR Projects:**

Sr. No.	CSR Project	No. of persons % benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1.	Mangala Raitha Pratibhe	458 Students	100%
2.	Sarwamangala Projects	2550 farmers beneficiaries	100%
3.	Mangala Akshara Mitra	2000 students	100%
4.	Health & Education of Migrants & Underprivileged communities	492 beneficiaries	100%
5.	Ecological Balance & Animal welfare	400 farmer beneficiaries (10 cow lifting machine)	100%
6.	Rural Development Projects to improve livelihood	1070 beneficiaries	100%

**PRINCIPLE 9 - Businesses should engage with and provide value to their consumers in a responsible manner**

**Essential Indicators**

**1. Describe the mechanism in place to receive and respond to consumer complaints and feedback.**

- We have provided customer care number & email IDs in all our packages

**2. Turnover of products and/services as a percentage of turnover from all products/service that carry information about:**

	As a percentage to total turnover
Environmental and social parameters relevant to the product	2.37%
Safe and responsible usage	100%
Recycling and/or safe disposal	100%

**3. Number of consumer complaints in respect of the following:**

	FY2022-2023 (Current Financial Year)			FY2021-2022 (Previous Financial Year)		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	Nil	Nil	Nil	Nil	Nil	Nil

	FY2022-2023 (Current Financial Year)			FY2021-2022 (Previous Financial Year)		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Advertising	Nil	Nil	Nil	Nil	Nil	Nil
Cyber-security	Nil	Nil	Nil	Nil	Nil	Nil
Delivery of essential services	Nil	Nil	Nil	Nil	Nil	Nil
Restrictive Trade Practices	Nil	Nil	Nil	Nil	Nil	Nil
Unfair Trade Practices	Nil	Nil	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil	Nil	Nil

#### 4. Details of instances or product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	Nil	Nil
Forced recalls	Nil	Nil

#### 5. Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

- Yes. Policy on Cyber Security is available on Company's Website: [https://www.mangalorechemicals.com/investor/investor\\_cyber\\_security\\_policy](https://www.mangalorechemicals.com/investor/investor_cyber_security_policy)

#### 6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essentials services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.

- Not applicable

#### Leadership Indicators

##### 1. Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).

- Information on products and services can be accessed through Company's Weblink - <https://www.mangalorechemicals.com>

##### 2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

- MCFL is educating the consumers on safe & responsible use of products through farmer's awareness programmes like farmer's meetings, crop seminars, method demonstrations, field days and intensive consumer contact programmes and also through Jai Kisaan Farmer app.

##### 3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

- MCFL is continuously in touch with its trade channel partners in addition to the periodic meets that are held. Through this medium, product as well as service-related updates are provided to the channel partners to keep them at pace with the market. Farmer awareness programmes are also held during which any updates can be conveyed by the business. COVID had also enabled connects with farmers on virtual mode and this mode of communication can also be tapped on need-basis.

##### 4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No).

- Yes. All the declarations on the Company's packaging are based on the Fertilizer Control Order and Legal Metrology guidelines.

##### 5. Provide the following information relating to data breaches:

- Number of instances of data breaches along-with impact - Nil
- Percentage of data breaches involving personally identifiable information of customers - Nil

\*\*\*



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MANGALORE CHEMICALS & FERTILIZERS LIMITED

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the accompanying financial statements of Mangalore Chemicals & Fertilizers Limited ("the Company"), which comprise the balance sheet as at 31 March 2023, and the statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

##### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the financial statements.

##### Emphasis of Matter

We draw attention to Note 22(g), which states that the Company had recognized urea subsidy income of INR 2,914 lakhs during the financial year 2020-21 considering that benchmarking of its cost of production of urea using Naphtha with that of gas-based urea manufacturing units is arbitrary and for which the Company had already filed a writ petition against the Department of Fertilizers before the Hon'ble High court of Delhi. Based on legal opinion obtained, the management believes that the criteria for recognition of subsidy revenue is met. Our opinion is not modified in respect of this matter.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Sl. No.	Key Audit Matter (Refer Note 22 and 9 to the financial statements)	How our audit addressed the Key Audit Matter
1.	<p><b>Impact of government policies / notifications on recognition of concession income and its recoverability</b></p> <p>The Company recognises concession (subsidy) income receivable from the Department of Fertilizers, Government of India as per the New Pricing Scheme for Urea and as per Nutrient Based Subsidy Policy for Phosphatic and Potassic fertilizers at the time of sale of goods to its customers. During the current year, the Company has recognised concession income of INR 2,68,770.17 Lakhs and as at 31 March 2023 has receivables of INR 63,358.47 Lakhs relating to such income.</p> <p>We focused on this area because recognition of concession income and assessment of its recoverability is subject to significant judgement of interpretation of various notifications from the Department of Fertilizers.</p> <p>The area of judgement includes certainty around the satisfaction of conditions specified in the notifications and policies, collections and provisions thereof, likelihood of variation in the related computation rates, basis for determination of accruals of concession income and timely recoverability thereof.</p>	<p>Our audit procedures included among others, the following:</p> <ul style="list-style-type: none"> <li>• Read the relevant notifications and policies issued by the Department of Fertilizers to ascertain the recognition of concession income, adjustments thereto recognised pursuant to changes in the rates and basis for determination of concession income.</li> <li>• Obtained an understanding of the process and tested the design and operating effectiveness of controls as established by the management in recognition and assessment of the recoverability of the concession income.</li> <li>• Evaluated the management's assessment regarding compliance with the relevant conditions as specified in the notifications and policies and collections of concession income.</li> <li>• Performed substantive procedures to understand and validate the basis of computation of concession income with underlying notifications and policies.</li> <li>• Tested the ageing analysis and assessed the information used by the management to determine the recoverability of the concession income by considering collections against historical trends.</li> <li>• Assessed the adequacy of the disclosures in the financial statements.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT

### Information Other than the Financial Statements and Auditors' Report Thereon

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Directors report, corporate governance, Management Discussion & Analysis Report and business responsibility and sustainability report but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

### Responsibilities of the Management and Board of Directors for Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to the financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

### Other Matters

The audited financial statements of the Company for the corresponding year ended 31 March 2022 prepared in accordance

## INDEPENDENT AUDITOR'S REPORT

with Ind AS included in these financial statements, have been audited by the predecessor auditors whose audit report dated 17 May 2022 expressed an unmodified opinion on those audited financial statements.

Our opinion is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the (Ind AS) specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls with reference to the financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - (g) 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:
    - i. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its financial statements— Refer Note 7 and 35 to the financial statements;
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2023; and
    - iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or

invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

- (b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

- v. The dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 13 to the financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

- vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

3. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act.

For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
Firm's Registration No.003990S/S200018

Seethalakshmi M  
Partner  
Membership No.208545  
UDIN :23208545BGVAIP2147

Place of Signature: Bangalore  
Date: May 11, 2023

## ANNEXURE A

**Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Mangalore Chemicals & Fertilizers Limited ("the Company") on the financial statements as of and for the year ended 31 March 2023.**

(i) (a)

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

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

(b) The Company has a regular programme of physical verification of its Property, Plant and Equipment by which all Property, Plant and Equipment are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain Property, Plant and Equipment were physically verified by the management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

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

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year and hence this clause is not applicable to the Company.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and rules made thereunder.

(ii)

a) The inventory, except goods in transit, has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In respect of goods-in-transit, subsequent goods receipts have been verified. In our opinion, the coverage and procedure of such verification by the management is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification.

b) Based on our audit procedures & according to the information and explanation given to us, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. Quarterly returns or statements filed by the company with such banks

are in agreement with the books of account of the Company.

(iii) Based on our audit procedures & according to the information and explanation given to us, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, paragraph 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order is not applicable to the Company.

(iv) Based on our audit procedures & according to the information and explanation given to us, the Company has neither given any loan, guarantees and security nor made any investment during the year covered under section 185 and 186 of the Act. Therefore paragraph 3(iv) of the Order is not applicable to the Company.

(v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of the Act and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has specified maintenance of cost records under Sub-Section (1) of Section 148 of the Act in respect of the products/services of the Company. We have broadly reviewed the books of account maintained by the Company as specified under sub section (1) of section 148 of the Act, for maintenance of cost records in respect of the products manufactured by the Company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not, made a detailed examination of cost records with a view to determine whether they are accurate or complete.

(vii)

a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including Goods and Service Tax, provident fund, employees state insurance, income-tax, and any other material statutory dues as applicable with the appropriate authorities.

According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of Goods and Service Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues were in arrears, as at March 31, 2023 for a period of more than six months from the date they became payable.



## ANNEXURE A

- (b) According to the information and explanations given to us and based on our examination of the records of the Company, there are no statutory dues referred to in sub-clause (a) as at 31 March 2023, which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

Name of the Statute	Nature of the Dues	Amount demanded (In Lakhs)	Amount paid (In Lakhs)	Period to which amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income tax	358.04	52.89	FY 2013-14	The High Court of Karnataka
The Central Excise Act, 1944	Excise duty	638.96	-	FY 2012-13 to 2015-16	Customs, Excise and Service Tax Appellate Tribunal
Karnataka Value Added Tax Act, 2003	Entry tax	423.44	-	FY 2011-12	The High Court of Karnataka
The Customs Act, 1962	Customs duty	315.10	9.17	FY 2011-12 to 2016-17	Customs, Excise and Service Tax Appellate Tribunal
The Customs Act, 1962	Customs duty	87.60	-	FY 2016-17	Commissioners of Customs, Nhava Sheva
The Customs Act, 1962	Customs duty	22.00	-	FY 2017-18	Additional Commissioners of Customs, Nhava Sheva
The Finance Act, 1994	Service tax	15.49	1.06	FY 2012-13 to 2015-16	Customs, Excise and Service Tax Appellate Tribunal

- (viii) Based on our audit procedures and as per the information and explanations given by the management, no amount has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, paragraph 3(viii) of the order is not applicable to the Company.
- (ix)
- (a) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or other borrowings or in payment of interest thereon to any lender.
- (b) According to the information and explanations given to us, the Company is not a declared willful defaulter by any bank or financial institution or other lender. Accordingly, paragraph 3(ix)(b) of the Order is not applicable to the Company.
- (c) Term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us and the records of the Company examined by us, there were no funds raised on short term basis have been used for long-term purposes by the Company. Accordingly, paragraph 3(ix)(d) of the Order is not applicable to the Company.
- (e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) and (f) of the Order is not applicable to the Company.
- (x)
- (a) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year and hence the question of whether money raised were applied for the purposes for which those are raised does not arise. Accordingly, paragraph 3(x) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence the question of whether the requirements of section 42 and section 62 of the Act have been complied with and the funds raised have been used for the purposes for which the funds were raised does not arise. Accordingly, paragraph 3(x)(b) of the Order is not applicable to the Company.
- (xi)
- (a) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud by the Company or on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no whistle blower complaints were received during the year by the Company.
- (xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, paragraph 3(xii)(a) to (c) of the Order is not applicable.
- (xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during

## ANNEXURE A

the year are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the financial statements as required by the Indian accounting standard Related Party Disclosures (Ind AS 24)

- (xiv)
- (a) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
  - (b) We have considered the reports of the Internal Auditors for the period under audit.
- (xv) On the basis of the information and explanations given to us, in our opinion, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi)
- (a) Based on our audit procedures and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934 (2 of 1934).
  - (b) Based on our audit procedures and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi)(b) of the Order is not applicable to the Company.
  - (c) Based on our audit procedures and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence the questions of fulfilling criteria of a CIC, and in case the Company is an exempted or unregistered CIC, whether it continues to fulfill such criteria, do not arise. Accordingly, paragraph 3(xvi)(c) of the Order is not applicable to the Company.
  - (d) Based on our audit procedures and according to the information and explanations given to us, none of the group companies are Core Investment Company (CIC) and hence the question of number of CICs which are part of the Group does not arise. Accordingly, paragraph 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) Based on our audit procedures and according to the information and explanations given to us, the Company

has not incurred cash losses in the financial year and in the immediately preceding financial year.

- (xviii) There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable.
- (xix) On the basis of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report of the Company's capability of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (xx)
- (a) Based on our audit procedures and according to the information and explanations given to us, in respect of other than ongoing projects, the Company having spent the required amount, there is no amount pending to be transferred to a Fund specified in Schedule VII to the Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.
  - (b) Based on our audit procedures and according to the information and explanations given to us, the company is not required to transfer unspent amount under sub-section (5) of section 135 of the said Act, pursuant to ongoing project to special account in compliance with provision of sub-section (6) of section 135 of the said Act. Accordingly, paragraph 3(xx)(b) of the Order is not applicable to the company.

For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
Firm's Registration No.003990S/S200018

**Seethalakshmi M**  
Partner  
Membership No. 208545  
UDIN :23208545BGVAIP2147

Place of Signature: Bangalore  
Date: May 11, 2023



## ANNEXURE B

**Referred to in paragraph 2(f) on 'Report on Other Legal and Regulatory Requirements' of our report of even date**

**Report on the Internal Financial Controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the internal financial controls with reference to financial statements of Mangalore Chemicals & Fertilizers Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management's and Board of Directors' Responsibility for Internal Financial Controls**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the

Company's internal financial controls with reference to financial statements.

### **Meaning of Internal Financial Controls with reference to financial statements**

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

### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

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

### **Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
Firm's Registration No.003990S/S200018

**Seethalakshmi M**  
Partner  
Membership No. 208545  
UDIN :23208545BGVAIP2147

Place of Signature: Bangalore  
Date: May 11, 2023

## BALANCE SHEET AS AT MARCH 31, 2023

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

	Notes	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3A	1,05,970.52	55,294.34
Capital work-in-progress	3A	1,408.49	31,738.51
Right-of-use assets	3B	1,620.84	1,859.41
Intangible assets	4	107.24	107.91
Financial assets			
(i) Investments	5	-	-
(ii) Others	6	594.71	616.86
Income tax assets (net)		144.08	185.83
Other non-current assets	7	627.64	1,286.27
		<b>1,10,473.52</b>	<b>91,089.13</b>
<b>Current assets</b>			
Inventories	8	24,113.96	42,977.47
Financial assets			
(i) Investments	5	0.10	0.10
(ii) Trade receivables	9	75,724.26	66,502.77
(iii) Cash and cash equivalents	10	32,979.95	48,207.20
(iv) Other bank balances	11	3,605.39	7,514.35
(v) Others	6	5,982.83	5,491.58
Other current assets	7	13,034.94	10,293.67
		<b>1,55,441.43</b>	<b>1,80,987.14</b>
		<b>2,65,914.95</b>	<b>2,72,076.27</b>
<b>Total assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	11,854.87	11,854.87
Other equity	13	68,463.95	56,452.12
<b>Total equity</b>		<b>80,318.82</b>	<b>68,306.99</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	14	35,667.55	21,815.13
(ii) Lease liabilities	15	1,886.60	2,068.09
(iii) Others	16	-	15.14
Provisions	17	1,180.60	1,134.73
Deferred tax liabilities (net)	18	6,149.86	5,106.70
		<b>44,884.61</b>	<b>30,139.79</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	19	1,00,099.37	1,12,346.47
(ii) Lease liabilities	15	36.07	45.66
(iii) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	20	4,582.66	1,057.85
Total outstanding dues of creditors other than micro enterprises and small enterprises	20	19,674.70	39,419.36
(iv) Others	16	12,820.50	17,072.72
Liabilities for current tax (net)		439.33	916.74
Other current liabilities	21	1,941.22	1,742.73
Provisions	17	1,117.67	1,027.96
<b>Total liabilities</b>		<b>1,40,711.52</b>	<b>1,73,629.49</b>
<b>Total equity and liabilities</b>		<b>2,65,914.95</b>	<b>2,72,076.27</b>

Summary of significant accounting policies

2.1

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

As per our report of even date

For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 003990S/S200018  
per **Seethalakshmi M**  
Partner  
Membership Number: 208545

Place of Signature: Bangalore  
Date: May 11, 2023

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

**Akshay Poddar**  
Chairman  
DIN: 00008686  
**T.M. Muralidharan**  
Chief Financial Officer

**Nitin M Kantak**  
Whole-time Director  
DIN: 08029847  
**Vijayamahantesh Khannur**  
Company Secretary

Date: May 11, 2023

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

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

	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>INCOME</b>			
Revenue from contracts with customers	22	3,64,152.40	2,89,558.30
Other income	23	3,064.62	2,427.06
<b>Total income</b>		<b>3,67,217.02</b>	<b>2,91,985.36</b>
<b>EXPENSES</b>			
Cost of materials consumed	24	1,99,625.52	1,86,934.66
Purchases of traded goods	25	25,813.56	6,416.91
Change in inventories of finished goods, work-in-progress and traded goods	26	11,842.37	(13,122.69)
Employee benefits expense	27	6,917.18	6,962.64
Finance costs	28	10,437.76	4,940.42
Depreciation and amortisation expense	29	5,967.50	5,055.75
Other expenses	30	89,010.54	81,331.66
<b>Total expenses</b>		<b>3,49,614.43</b>	<b>2,78,519.35</b>
<b>Profit before tax</b>		<b>17,602.59</b>	<b>13,466.01</b>
<b>Tax expense</b>	31		
Current tax/ Minimum Alternate Tax		3,077.00	2,350.00
Deferred tax charge/(credit)		1,060.08	2,329.88
<b>Total tax expense</b>		<b>4,137.08</b>	<b>4,679.88</b>
<b>Profit for the year</b>		<b>13,465.51</b>	<b>8,786.13</b>
<b>Other comprehensive income/(loss)</b>			
Items that will not be reclassified to profit or loss			
Re-measurement (losses)/gains on defined benefit plan		(48.42)	(31.15)
Income tax effect on above		16.92	10.88
<b>Total other comprehensive income/(loss)</b>		<b>(31.50)</b>	<b>(20.27)</b>
<b>Total comprehensive income for the year</b>		<b>13,434.01</b>	<b>8,765.86</b>
<b>Earnings per equity share (in INR)</b>			
<b>[nominal value per share INR 10 (Previous year: INR 10)]</b>	32		
Basic		11.36	7.41
Diluted		11.36	7.41

### Summary of significant accounting policies

2.1

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

As per our report of even date

For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 003990S/S200018

per **Seethalakshmi M**  
Partner  
Membership Number: 208545

Place of Signature: Bangalore  
Date: May 11, 2023

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

**Akshay Poddar**  
Chairman  
DIN: 00008686

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

**Nitin M Kantak**  
Whole-time Director  
DIN: 08029847

**Vijayamahantesh Khannur**  
Company Secretary

Date: May 11, 2023

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

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

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

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

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

	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>		<b>(15,227.25)</b>	<b>12,966.18</b>
Cash and cash equivalents at the beginning of the year	10	48,207.20	35,241.02
<b>Cash and cash equivalents at the end of the year</b>		<b>32,979.95</b>	<b>48,207.20</b>
<b>Components of cash and cash equivalents</b>	10		
Cash on hand		2.26	2.80
Bank balances on current accounts		3,302.69	8,254.40
Bank balances on deposit accounts with original maturity of three months or less		29,675.00	39,950.00
<b>Total cash and cash equivalents</b>		<b>32,979.95</b>	<b>48,207.20</b>

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

### Non-current borrowings (including current maturities)

At beginning of the year	14	28,607.88	20,358.76
Cash flow changes		16,330.90	8,255.19
Non-cash changes (foreign currency exchange difference)		-	(6.07)
At end of the year	14	<b>44,938.78</b>	<b>28,607.88</b>

### Current borrowings (excluding current maturities of long term borrowings)

At beginning of the year	19	105,553.72	65,871.61
Cash flow changes		(14,723.38)	38,811.17
Non-cash changes (foreign currency exchange difference)		(2.20)	870.94
At end of the year	19	<b>90,828.14</b>	<b>105,553.72</b>

### Lease Liabilities (including current maturities)

At beginning of the year	15	2,113.75	2,134.12
Cash flow changes		(33.59)	(36.26)
Non-cash changes		(157.49)	15.89
At end of the year	15	<b>1,922.67</b>	<b>2,113.75</b>

### Summary of significant accounting policies

2.1

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

As per our report of even date

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

For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 003990S/S200018

per **Seethalakshmi M**  
Partner  
Membership Number: 208545

Place of Signature: Bangalore  
Date: May 11, 2023

**Akshay Poddar**  
Chairman  
DIN: 00008686

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

**Nitin M Kantak**  
Whole-time Director  
DIN: 08029847

**Vijayamahantesh Khannur**  
Company Secretary

Date: May 11, 2023

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

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

### a) Equity share capital

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

	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	118,515,150	11,851.52	118,515,150	11,851.52
Changes in equity share capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the year	118,515,150	11,851.52	118,515,150	11,851.52
Changes during the year	-	-	-	-
<b>At the end of the year</b>	<b>118,515,150</b>	<b>11,851.52</b>	<b>118,515,150</b>	<b>11,851.52</b>

In addition to above, equity share capital as at March 31, 2023 includes Forfeited Shares (amount paid-up) of INR 3.35 Lakhs (March 31, 2022: INR 3.35 Lakhs).

### b) Other equity

	Capital redemption reserve	General reserve	Retained earnings	Total
	Note 13	Note 13	Note 13	
Balance as at April 1, 2021	480.78	5,385.71	43,004.92	48,871.41
Changes in accounting policy/prior period errors	-	-	-	-
Profit for the year	-	-	8,786.13	8,786.13
Other comprehensive income	-	-	(20.27)	(20.27)
<b>Total comprehensive income</b>	-	-	8,765.86	8,765.86
Cash dividends (Refer Note 13)	-	-	(1,185.15)	(1,185.15)
<b>Balance as at March 31, 2022</b>	<b>480.78</b>	<b>5,385.71</b>	<b>50,585.63</b>	<b>56,452.12</b>
Balance as at April 1, 2022	480.78	5,385.71	50,585.63	56,452.12
Changes in accounting policy/prior period errors	-	-	-	-
Profit for the year	-	-	13,465.51	13,465.51
Other comprehensive income	-	-	(31.50)	(31.50)
<b>Total comprehensive income</b>	-	-	13,434.01	13,434.01
Cash dividends (Refer Note 13)	-	-	(1,422.18)	(1,422.18)
<b>Balance as at March 31, 2023</b>	<b>480.78</b>	<b>5,385.71</b>	<b>62,597.46</b>	<b>68,463.95</b>

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

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

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

Summary of significant accounting policies

2.1

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

As per our report of even date

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

ICAI Firm Registration Number: 003990S/S200018

per **Seethalakshmi M**

Partner

Membership Number: 208545

Place of Signature: Bangalore

Date: May 11, 2023

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

**Akshay Poddar**

Chairman

DIN: 00008686

**T.M. Muralidharan**

Chief Financial Officer

Date: May 11, 2023

**Nitin M Kantak**

Whole-time Director

DIN: 08029847

**Vijayamahantesh Khannur**

Company Secretary



## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

### 1. Corporate information

Mangalore Chemicals and Fertilizers Limited ("MCF" or "the Company") is a public limited company domiciled in India and incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognized stock exchanges in India. The registered office of the Company is located at Level 11, UB Tower, UB City, 24, Vittal Mallya Road, Bengaluru 560 001, Karnataka, India. The Company is primarily engaged in the manufacture, purchase and sale of fertilisers. The Company has manufacturing facility in India. Information on related party relationships of the Company is provided in Note 38.

The Ind AS financial statements were approved by the Board of Directors of the Company on May 11, 2023.

### 2. Basis of preparation of Ind AS financial statements

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

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

The significant accounting policies adopted for preparation and presentation of these Ind AS financial statement have been applied consistently, except for the changes in accounting policy for amendments to the standard that were issued effective for the financial year beginning from on or after April 1, 2022 as stated in Note 2.3.

#### 2.1 Summary of significant accounting policies

##### (a) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

##### (b) Foreign currencies

The Ind AS financial statements are presented in INR, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date, the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate, if the average approximates the actual rate at the date of the transaction.

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

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

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

##### (c) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

The Company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held

for sale in discontinued operations. External valuers are involved, wherever considered necessary.

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

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

### (d) Revenue from contract with customer

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

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue towards satisfaction of performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the company as a part of contract. The Company has concluded that it is the principal in its revenue arrangements.

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

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

#### *Sale of products*

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

Revenue from the sale of products, including concession receivable from the Government of India under the applicable New Pricing Scheme / Nutrient Based Subsidy Policy, is recognised when control of the products has transferred to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Revenue towards satisfaction of performance obligation is

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the company as a part of contract.

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

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

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

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

(i) Variable consideration

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

(ii) Significant financing component

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

*Sale of services*

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

*Interest Income*

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

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

### Contract balances

*Contract assets*

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

*Trade receivables*

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

*Contract liabilities*

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

**(e) Government grants**

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

**(f) Taxes**

*Current income tax*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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

### *Deferred tax*

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

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

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

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

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

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

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

Minimum alternate tax (MAT) paid in a year is charged

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

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

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

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

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

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

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

Depreciation is calculated on a straight-line basis

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

over the useful lives of the assets, estimated by the management, as follows:

	<u>Useful life (years)</u>
Buildings	5 to 60
Railway sidings	15
Roads, drainage and culverts	5 to 30
Plant and equipment (continuous process plant)	25
Computer equipment	3 and 6
Electrical installations and fittings	10
Office equipment	5 and 15
Furniture and fixtures	10
Cranes and locomotives	15
Vehicles	8 and 10

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

- (i) The useful lives of components of certain plant and equipment are estimated as 2 to 20 years.
- (ii) Insurance/capital/critical stores and spares are depreciated over the remaining useful life of related plant and equipment or useful life of insurance/capital/critical spares, whichever is lower.
- (iii) The useful lives of certain vehicles are estimated as 3 to 5 years.

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

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

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

### (h) Intangible assets

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

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

The useful lives of intangible assets are assessed as finite.

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

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

### Research and development costs

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

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale,
- intention to complete and its ability and intention to use or sell the asset,
- its future economic benefits,



## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

- the availability of resources to complete the asset and
- the ability to measure reliably the expenditure during development.

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

### *Computer Software*

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

### (i) **Borrowing costs**

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

### (j) **Leases**

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

#### **The Company as a lessee**

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

#### *Right-of-use assets*

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

assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

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

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

#### *Lease liabilities*

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

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

#### *Short-term leases and leases of low-value assets*

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

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. Effective April 1, 2019, the Company has adopted Ind AS 116 on Leases which replaces Ind AS 17 on Leases, including appendices thereto. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The Company has used the modified retrospective approach for transition to Ind AS 116 and consequently comparatives for previous year have not been restated. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

This has resulted in recognition of right-of-use assets and corresponding lease liabilities of Rs. 2,015.20 Lakhs as at April 1, 2019. Right-of-use assets are depreciated over the lower of useful life of the asset or the lease term and interest on lease liabilities is recognized under finance costs. The net impact of adopting this standard on the statement of profit and loss and earnings per share is not material. Refer disclosures included in Note 33 for details.

### The Company as a lessor

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

### (k) Inventories

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

- Raw materials, packing materials, stores and spares: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

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

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

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

### (l) Impairment of non-financial assets

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

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

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow



## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country in which the entity operates, or for the market in which the asset is used.

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

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

### (m) Provisions

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

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

### (n) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no

obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to a reduction in future payment or a cash refund.

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

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

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

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

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

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

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

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

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

### (o) Financial instruments

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

#### Financial assets

##### *Initial recognition and measurement*

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

##### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

#### Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost, if both of the following conditions are met:

- (i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- (ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

#### Debt instrument at FVTOCI

A 'debt instrument' is classified as FVTOCI, if both of the following criteria are met:

- (i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- (ii) The asset's contractual cash flows represent SPPI.

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

#### Debt instrument at FVTPL

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

#### Equity Instruments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

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

### *De-recognition*

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

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

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

### *Impairment of financial assets*

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

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

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has

not increased significantly, twelve month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on twelve-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

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

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

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

Stage 1: When financial assets are first recognized, the Company recognizes an allowance based on 12 months ECLs.

Stage 1 financial assets also include facilities where the credit risk has improved, and the financial assets has been reclassified from Stage 2.

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

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

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

### Financial liabilities

#### *Initial recognition and measurement*

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

#### *Subsequent measurement*

The measurement of financial liabilities depends on their classification.

Financial liabilities at fair value through profit or loss

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

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

#### Loans and borrowings

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

#### *De-recognition*

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

### Reclassification of financial assets and liabilities

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

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

### Offsetting of financial instruments

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

### (p) Derivative financial instruments and hedge accounting

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

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

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

### (q) Cash and cash equivalents

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

### (r) Cash dividend to equity holders

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

### (s) Contingent liabilities

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

### (t) Earnings per share

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

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

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

### (u) Segment reporting

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

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

## 2.2 Significant accounting judgements, estimates and assumptions

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

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

#### *Revenue from contracts with customers*

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

Also, the Company determines and updates its assessment of expected rebates periodically and the accruals are adjusted accordingly. Estimates of expected rebates are



## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

sensitive to changes in circumstances and the Company's past experience regarding these amounts may not be representative of actual amounts in the future.

### *Property, plant and equipment*

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

### *Impairment of financial and non-financial assets*

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

### *Tax provisions and contingencies*

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

### *Defined benefit plans*

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

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

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary

increases and gratuity increases are based on expected future inflation rates.

### *Fair value measurement of financial instruments*

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

## 2.3 Changes in accounting policies and disclosures

### **New and amended standards**

The Company applied for the first-time certain standards and amendments, which are effective for annual period beginning on or after April 01, 2022. The Company has not early adopted any other standard or amendment that has been issued but is not yet effective.

#### **(i) Ind AS 103 Business Combination**

Identified assets acquired and liabilities assumed (including contingent assets and contingent liabilities) must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Ind AS (Conceptual Framework) issued by the Institute of Chartered Accountants of India (ICAI).

#### **(ii) Ind AS 109 Financial Instruments**

Guidance provided on identifying substantial modification of the terms of an existing financial liability basis difference in discounted present value of the cash flows between old and new terms.

#### **(iii) Ind AS 16 – Property Plant and equipment**

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

#### **(iv) Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets**

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that related directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling



## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

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

### 2.4 Standards issued but not yet effective

Ministry of Corporate Affairs (MCA), on March 31, 2023, through the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2023 amended certain existing Ind ASs on miscellaneous issues with effect from 1st April 2023. Following are few key amendments relevant to the Company:

#### (i) Ind AS 1 – Presentation of Financial Statements & Ind AS 34 – Interim Financial Reporting

Material accounting policy information (including focus on how an entity applied the requirements of Ind AS) shall be disclosed instead of significant accounting policies as part of financial statements.

#### (ii) Ind AS 107 – Financial Instruments: Disclosures

Information about the measurement basis for financial instruments shall be disclosed as part of material accounting policy information.

#### (iii) Ind AS 8 – Accounting policies, changes in accounting estimate and errors

Clarification on what constitutes an accounting estimate provided.

#### (iv) Ind AS 12 – Income Taxes

In case of a transaction which give rise to equal taxable and deductible temporary differences, the initial recognition exemption from deferred tax is no longer applicable and deferred tax liability & deferred tax asset shall be recognized on gross basis for such cases.

- a. The Company is in the process of evaluating the impact of the above amendments which is not expected to have any material impact on the financial statements of the Company. It may be noted that we expect there would be a change in Accounting policies section of the financial statements as the standard would require presentation of 'material accounting policies' as against 'significant accounting policies' disclosed so far.

[This space has been intentionally left blank]

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

### 3A. Property, plant and equipment

	Cost			Depreciation				Net book value	
	As at April 1, 2022	Additions	Disposals	As at March 31, 2023	As at April 1, 2022	For the year	On Disposals	As at March 31, 2023	As at March 31, 2023
Freehold land	6,817.79	-	-	6,817.79	-	-	-	-	6,817.79
Buildings	5,227.26	-	126.30	5,100.96	1,121.45	156.45	64.50	1,213.40	3,887.56
Railway sidings	733.07	-	-	733.07	328.57	59.45	-	388.02	345.05
Roads, drainage and culverts	428.47	-	15.99	412.48	249.50	20.60	14.76	255.34	157.14
Plant and equipment <sup>(a)</sup>	66,563.69	57,097.26	2,152.06	121,508.89	23,290.81	5,449.37	1,481.64	27,258.54	94,250.35
Electrical installations and fittings	259.06	-	14.36	244.70	169.50	17.55	12.53	174.52	70.18
Office equipment	390.23	65.34	8.88	446.69	263.08	30.22	1.55	291.75	154.94
Furniture and fixtures	366.08	4.60	58.05	312.63	243.59	18.87	52.44	210.02	102.61
Cranes and locomotives	207.07	-	0.08	206.99	126.78	19.68	0.06	146.40	60.59
Vehicles - Owned	219.71	61.70	9.11	272.30	124.81	30.09	6.91	147.99	124.31
<b>Total</b>	<b>81,212.43</b>	<b>57,228.90</b>	<b>2,384.83</b>	<b>136,056.50</b>	<b>25,918.09</b>	<b>5,802.28</b>	<b>1,634.39</b>	<b>30,085.98</b>	<b>105,970.52</b>

Opening Additions Capitalised Closing

**Capital work-in-progress <sup>(a)</sup> 31,738.51 26,898.88 57,228.90 1,408.49**

### Previous year

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

Opening Additions Capitalised Closing

**Capital work-in-progress <sup>(a)</sup> 7,826.17 26,861.59 2,949.25 31,738.51**

(a) Plant and machinery and capital work-in-progress additions during the period includes INR 1,331.91 Lakhs (March 31, 2022 : INR Nil) and INR 17.97 Lakhs (March 31, 2022: INR 1,388.84 Lakhs), respectively, towards capitalisation of borrowing cost. The rate used to determine the amount of borrowing costs eligible for capitalisation was 9.27% (March 31, 2022 : 8.17%), which is the average interest rate of borrowings.

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

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

### (c) Capital work-in-progress (CWIP) Ageing Schedule

As at March 31, 2023

	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	830.60	451.21	4.22	2.26	1,288.29
Projects temporarily suspended**	-	-	3.54	116.66	120.20
<b>Total</b>	<b>830.60</b>	<b>451.21</b>	<b>7.76</b>	<b>118.92</b>	<b>1,408.49</b>

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

As at March 31, 2022

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

\* The Company envisaged Ammonia Energy Improvement Project [AEIP] 3 years ago and substantial progress happened during the Financial year 2022-23, and commissioned in Financial year ending March 31, 2023.

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

### 3B. Right-of-use assets

	Cost			Depreciation				Net book value	
	As at April 1, 2022	Additions	Disposals	As at March 31, 2023	As at April 1, 2022	For the year	On Disposals	As at March 31, 2023	As at March 31, 2023
Right-of-use land (Refer Note 33)	1,989.94	-	-	1,989.94	289.58	96.52	-	386.10	1,603.84
Right-of-use buildings (Refer Note 33)	233.10	-	189.98	43.12	74.05	15.42	63.35	26.12	17.00
<b>Total</b>	<b>2,223.04</b>	<b>-</b>	<b>189.98</b>	<b>2,033.06</b>	<b>363.63</b>	<b>111.94</b>	<b>63.35</b>	<b>412.22</b>	<b>1,620.84</b>

Previous year

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

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

### 4. Intangible assets

	Cost			Amortisation				Net book value	
	As at April 1, 2022	Additions	Disposals	As at March 31, 2023	As at April 1, 2022	For the year	On Disposals	As at March 31, 2023	As at March 31, 2023
Computer software	302.89	52.62	-	355.51	194.99	53.28	-	248.27	107.24
<b>Total</b>	<b>302.89</b>	<b>52.62</b>	<b>-</b>	<b>355.51</b>	<b>194.99</b>	<b>53.28</b>	<b>-</b>	<b>248.27</b>	<b>107.24</b>

#### Previous year

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

	Non-current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
<b>5. Financial assets - Investments</b>				
(Unquoted)				
<u>Investments at fair value through profit or loss</u>				
Bangalore Beverages Limited		20,000.00		20,000.00
[200,000 (March 31, 2022: 200,000) Redeemable cumulative preference shares of Re. 1 each with coupon rate of 10% p.a. repayable after 20 years]			-	-
Less: Provision for impairment in value of investment		(20,000.00)		(20,000.00)
Aditya Birla Sun Life Low Duration Fund - Growth Regular Plan		-		-
[22.199 (March 31, 2022: 22.199) units of INR 561.95 (March 31, 2022: INR 535.94) each]			0.10	0.10
<b>Total</b>	<b>-</b>	<b>-</b>	<b>0.10</b>	<b>0.10</b>
Aggregate amount of unquoted investment (gross)		20,000.00		20,000.00
Aggregate amount of impairment in value of investment		20,000.00		-

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

	Non-current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
<b>6. Financial assets - Others</b>				
Financial assets at fair value through profit or loss				
Derivatives not designated as hedges*	-	-	26.61	43.23
Financial assets at amortised cost				
Security deposits	594.71	616.86	-	-
Rebate/discount receivable from suppliers	-	-	938.31	1,377.77
Other receivable			518.86	-
Interest accrued on deposits and receivables				
Related parties (Refer Note 38)	-	-	4,348.45	4,010.72
Others	-	-	150.60	59.86
<b>Total</b>	<b>594.71</b>	<b>616.86</b>	<b>5,982.83</b>	<b>5,491.58</b>

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

### 7. Other assets

#### Unsecured, considered good

Capital advances	313.07	935.87	-	-
Advances other than capital advances				
Advance to a related party (Refer Note 38)	-	-	-	1,980.00
Advance to suppliers	-	-	181.52	185.19
Employees and other advances	-	-	5.73	19.64
Prepaid expenses	314.57	350.40	1,446.95	1,773.22
Goods and Services Tax (GST) refund receivable	-	-	8,929.24	2,442.30
Balance with statutory/government authorities	-	-	2,471.50	3,893.32
	<b>627.64</b>	<b>1,286.27</b>	<b>13,034.94</b>	<b>10,293.67</b>

#### Unsecured, Credit impaired

Advances other than capital advances				
Advances to United Breweries (Holdings) Limited	1,668.20	1,668.20	-	-
Balance with statutory/government authorities	-	-	1,155.22	1,192.26
Less: Provision for impairment of other asset	(1,668.20)	(1,668.20)	(1,155.22)	(1,192.26)
	-	-	-	-
<b>Total</b>	<b>627.64</b>	<b>1,286.27</b>	<b>13,034.94</b>	<b>10,293.67</b>

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

(b) The GST authorities have denied and recalled refund of certain GST credits and the Board of Directors of the company, based on the legal opinion, consider that the refunds are in accordance with the law, the matter is currently sub-judice and no quantification is made.

	As at March 31, 2023	As at March 31, 2022
<b>8. Inventories</b>		
(valued at lower of cost and net realisable value)		
Raw materials and packing materials	13,851.83	20,395.17
[includes in transit - INR 968.84 Lakhs (March 31, 2022: INR 7,847.92 Lakhs)]		
Work-in-progress	196.73	35.27
Finished goods	1,850.61	18,439.38
Traded goods [includes in transit INR Nil (March 31, 2022: INR Nil Lakhs)]	4,735.43	150.49
Stores and spares [includes in transit INR 30.65 Lakhs (March 31, 2022: INR 92.87 Lakhs)]	3,479.36	3,957.16
<b>Total</b>	<b>24,113.96</b>	<b>42,977.47</b>

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

Refer Note 19 for details of charge

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

	As at March 31, 2023	As at March 31, 2022
<b>9. Trade receivables</b>		
Trade receivables	67,439.85	58,519.54
Receivables from related parties (Refer Note 38)	8,284.41	7,983.23
<b>Total</b>	<b>75,724.26</b>	<b>66,502.77</b>

### Break-up for security details:

#### Trade receivables

Secured, considered good	4,675.37	4,311.66
Unsecured, considered good	71,048.89	62,191.11
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	1,646.61	1,737.25
	<b>77,370.87</b>	<b>68,240.02</b>

#### Impairment Allowance (allowance for bad and doubtful debts)

Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	(1,646.61)	(1,737.25)
	<b>75,724.26</b>	<b>66,502.77</b>

- (a) Trade receivables include concession/subsidy receivable from the Government of India of INR 63,358.47 Lakhs (March 31, 2022: INR 57,679.74 Lakhs).
- (b) No debts are due from directors or other officers of the Company or any of them either severally or jointly with any other person. Also, no debts are due from firms or private companies, respectively, in which any director is a partner or a director or a member.
- (c) Trade receivables from dealers (other than related parties) are non-interest bearing during normal credit period and are generally on terms of 15 to 120 days. Management is of the view that there are no receivables included above which have significant increase in credit risk other than that already impaired as per management assessment.
- (d) For terms and conditions relating to related party receivables, refer Note 38.
- (e) Trade receivables Ageing Schedule

As at March 31, 2023

	Outstanding for following periods from due date of payment						Total
	Current but not due*	Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	37,376.42	26,574.89	136.56	200.11	2,729.17	5,793.11	72,810.26
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	-	16.51	89.02	1,541.08	1,646.61
Disputed Trade receivables – considered good	-	-	-	-	2,914.00	-	2,914.00
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>37,376.42</b>	<b>26,574.89</b>	<b>136.56</b>	<b>216.62</b>	<b>5,732.19</b>	<b>7,334.19</b>	<b>77,370.87</b>

\* Includes unbilled subsidy outstanding of INR 31,776.03 Lakhs.



## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

As at March 31, 2022

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

\*\* Includes unbilled subsidy outstanding of INR 48,695.80 Lakhs.

(f) Refer Note 19 for details of charge.

	As at March 31, 2023	As at March 31, 2022
<b>10. Cash and cash equivalents</b>		
Balances with banks		
- On current accounts	3,302.69	8,254.40
- On deposits accounts with original maturity of three months or less	29,675.00	39,950.00
Cash on hand	2.26	2.80
<b>Total</b>	<b>32,979.95</b>	<b>48,207.20</b>

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

### 11. Other bank balances

Bank balances on unpaid dividend accounts*	119.46	122.16
Bank deposits with original maturity of 12 months or less but more than 3 months	5.21	2,000.00
Margin money deposits	3,480.72	5,392.19
<b>Total</b>	<b>3,605.39</b>	<b>7,514.35</b>

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

### Break-up of financial assets carried at amortised cost

	Non-current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Trade receivables (Refer Note 9)	-	-	75,724.26	66,502.77
Cash and cash equivalents (Refer Note 10)	-	-	32,979.95	48,207.20
Other bank balances (Refer Note 11)	-	-	3,605.39	7,514.35
Others (Refer Note 6)	594.71	616.86	5,956.22	5,448.35
<b>Total</b>	<b>594.71</b>	<b>616.86</b>	<b>1,18,265.82</b>	<b>1,27,672.67</b>

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

	As at March 31, 2023	As at March 31, 2022
<b>12. Equity share capital</b>		
<b>Authorised share capital</b>		
12,40,00,000 (March 31, 2022: 12,40,00,000) equity shares of INR 10 each	12,400.00	12,400.00
6,00,000 (March 31, 2022: 6,00,000) 13% redeemable cumulative preference shares of INR 100 each	600.00	600.00
	<b>13,000.00</b>	<b>13,000.00</b>
<b>Issued shares</b>		
12,00,00,044 (March 31, 2022: 12,00,00,044) equity shares of INR 10 each	12,000.00	12,000.00
	<b>12,000.00</b>	<b>12,000.00</b>
<b>Subscribed and fully paid-up shares</b>		
11,85,15,150 (March 31, 2022: 11,85,15,150) equity shares of INR 10 each	11,851.52	11,851.52
Forfeited shares (amount originally paid-up)	3.35	3.35
	<b>11,854.87</b>	<b>11,854.87</b>

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

	As at March 31, 2023		As at March 31, 2022	
	Nos.	INR in Lakhs	Nos.	INR in Lakhs
At the beginning of the year	11,85,15,150	11,851.52	11,85,15,150	11,851.52
Changes during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>11,85,15,150</b>	<b>11,851.52</b>	<b>11,85,15,150</b>	<b>11,851.52</b>

### (b) Terms/rights attached to equity shares

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

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

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

Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
	Nos.	%	Nos.	%
Equity shares of INR 10 each fully paid				
Zuari Agro Chemicals Limited (Holding Company)	64,028,362	54.03%	64,028,362	54.03%

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

As at March 31, 2023

Promoter name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
Shradha Agarwala	200,000	-	200,000	0.17%	0.00%
Jyotsna Poddar	157,152	-	157,152	0.13%	0.00%
Gaurav Agarwala	150,000	-	150,000	0.13%	0.00%
Akshay Poddar	1,218,503	183,928	1,402,431	1.18%	0.16%
Zuari Agro Chemicals Limited	64,028,362	-	64,028,362	54.03%	0.00%
Adventz Finance Private Limited	4,350,361	-	4,350,361	3.67%	0.00%
United Breweries Holdings Limited	-	-	-	0.00%	0.00%
Kingfisher Finvest India Limited	-	-	-	0.00%	0.00%
Mcdowell Holdings Limited	1,257,186	-	1,257,186	1.06%	0.00%
Zuari Industries Limited	306,194	-	306,194	0.26%	0.00%
<b>Total</b>	<b>71,667,758</b>	<b>183,928</b>	<b>71,851,686</b>	<b>60.63%</b>	

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

### As at March 31, 2022

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

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

No shares have been issued for consideration other than cash for a period of five years immediately preceding the reporting date.

	As at March 31, 2023	As at March 31, 2022
<b>13. Other equity</b>		
<b>Capital redemption reserve</b>		
Balance as per last financial statements	480.78	480.78
Changes during the year	-	-
Closing balance	<b>480.78</b>	<b>480.78</b>
<b>General reserve</b>		
Balance as per last financial statements	5,385.71	5,385.71
Changes during the year	-	-
Closing balance	<b>5,385.71</b>	<b>5,385.71</b>
<b>Retained earnings*</b>		
Balance as per last financial statements	50,585.63	43,004.92
Add: Profit for the year	13,465.51	8,786.13
Add: Other comprehensive (loss)/income	(31.50)	(20.27)
Less: Appropriations		
Final equity dividend [amount per share Re. 1.20 (Previous year: Re. 1.00 per share)]	1,422.18	1,185.15
Closing balance	<b>62,597.46</b>	<b>50,585.63</b>
<b>Total Other Equity</b>	<b>68,463.95</b>	<b>56,452.12</b>

\*Includes INR 5,762.19 Lakhs as at March 31, 2023 (March 31, 2022: INR 5,851.55 Lakhs) relating to revaluation of property, plant and equipment.

### Distribution made and proposed

#### Dividends on equity shares declared and paid:

Dividend for the year ended March 31, 2022: Re. 1.20 per share (Previous year: Re. 1.00 per share)	1,422.18	1,185.15
	<b>1,422.18</b>	<b>1,185.15</b>

#### Proposed dividends on equity shares:

Dividend for the year ended March 31, 2023: Re. 1.50 per share (Previous year: Re. 1.20 per share)	1,777.73	1,422.18
	<b>1,777.73</b>	<b>1,422.18</b>

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

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

### 14. Non-current borrowings

	As at March 31, 2023	As at March 31, 2022
<u>Secured (at amortised cost)</u>		
Indian currency term loans from banks	44,887.50	28,271.75
Indian currency vehicle loans from bank	51.28	3.16
	<b>44,938.78</b>	<b>28,274.91</b>
<u>Unsecured (at amortised cost)</u>		
Foreign currency term loans from bank	-	332.97
	-	<b>332.97</b>
<b>Total</b>	<b>44,938.78</b>	<b>28,607.88</b>
Less: Amount disclosed under the head "Current Borrowings" (Refer Note 19)	<b>(9,271.23)</b>	<b>(6,792.75)</b>
<b>Non-current borrowings</b>	<b>35,667.55</b>	<b>21,815.13</b>

#### Secured borrowings

##### Indian currency term loans

Term loan from a bank of INR 1,997.46 Lakhs (including current maturities of INR 1,997.46 Lakhs) [March 31, 2022: INR 3,988.61 Lakhs (including current maturities of INR 1,996.37 Lakhs)] carries interest in the range of 8.00% p.a. [March 31, 2022 : 8.00% p.a. to 11.50% p.a.] The loan is repayable in 20 equal quarterly installments starting from June 2019 with the last instalment due on March 2024. The loan is secured by first pari-passu charge on all movable and immovable fixed assets (alongwith working capital lenders), other than fixed assets exclusively charged to other lenders.

Term loan from a bank of INR 1,495.80 Lakhs (including current maturities of INR 1,495.80 Lakhs) [March 31, 2022: INR 2,486.83 Lakhs (including current maturities of INR 996.31 Lakhs)] carries interest in the range of 9.30% p.a. to 10.80% p.a. [March 31, 2022 : 9.30% p.a. to 9.35% p.a.] The loan is repayable in 20 quarterly installments starting from June 2019 with the last instalment due on March 2024. The loan is secured by first pari-passu charge on all movable and immovable fixed assets, both present and future (other than fixed assets exclusively charged to other lenders) and second pari-passu charge on all current assets, both present and future.

Term loan from a bank of INR Nil (including current maturities of INR Nil Lakhs) [March 31, 2022: INR 5,921.78 Lakhs (including current maturities of INR 3,196.08 Lakhs)] carries interest in the range of 6.96% p.a. to 9.70% p.a. [March 31, 2022 : 6.26% p.a. to 6.96% p.a.] The loan is repayable in 15 quarterly installments starting from December 2019 with the last instalment due on February 2024. The loan is secured by first pari-passu first charge over all movable and immovable fixed assets including plant and machinery of the Company (excluding assets exclusively charged to other banks) and first pari-passu with any other security provided to any other lenders including working capital lenders.

Term loan from a bank of INR 16,962.30 Lakhs (including current maturities of INR 1,212.02 Lakhs) [March 31, 2022: INR 5,316.21 Lakhs (including current maturities of INR Nil)] carries interest in the range of 9.95% p.a. to 10.30% p.a. [March 31, 2022 : 9.95% p.a.] The loan is repayable in 28 quarterly installments starting from November 2023 with the last instalment due on August 2030. The loan is secured by first pari-passu first charge on movable fixed assets to be created from proceeds of the facility for improvement in Energy Efficiency Project of the urea plant, with other participating lenders and first pari-passu charge over all movable and immovable fixed assets of the Company excluding those exclusively charged to other term lenders.

Term loan from a bank of INR 7,103.09 Lakhs (including current maturities of INR 1,057.60 Lakhs) [March 31, 2022: INR 3,408.12 Lakhs (including current maturities of INR 267.86 Lakhs)] carries interest in the range of 10.00% p.a. to 10.95% p.a. [March 31, 2022 : 10.00% p.a.] The loan is repayable in 28 quarterly installments starting from March 2023 with the last instalment due on December 2029. The loan is secured by first pari-passu first charge on all fixed assets to be created out of the proposed EIP project, with other participating lenders and first pari-passu charge over all movable and immovable fixed assets of the Company excluding the fixed assets charged specifically to the term lenders.

Term loan from a bank of INR 3,283.08 Lakhs (including current maturities of INR 118.61 Lakhs) [March 31, 2022: INR 3,242.40 Lakhs (including current maturities of INR Nil)] carries interest in the range of 9.50% p.a. to 10.35% p.a. [March 31, 2022 : 9.50% p.a.] The loan is repayable in 28 quarterly installments starting from January 2024 with the last instalment due on October 2030. The loan is secured by first pari-passu first charge on movable fixed assets to be created from proceeds of the facility for improvement in Energy Efficiency Project of the urea plant, with other participating lenders and first pari-passu charge over movable and immovable fixed assets of the Company excluding those exclusively charged to other term lenders.

Term loan from a bank of INR 3,931.39 Lakhs (including current maturities of INR 657.49 Lakhs) [March 31, 2022: INR 3,907.80 Lakhs (including current maturities of INR Nil)] carries interest in the range of 8.65% p.a. to 9.70% p.a. [March 31, 2022: 8.65% p.a.] The loan is repayable in 18 quarterly installments starting from August 2023 with the last instalment due on November 2027. The loan is secured by first pari-passu first charge over movable and immovable fixed assets of the Company, excluding those exclusively charged to other term lenders (including long term loans availed for the energy efficiency capital expenditure).

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

Term loan from a bank of INR 4,926.43 Lakhs (including current maturities of INR Nil) [March 31, 2022: INR Nil (including current maturities of INR Nil)] carries interest rate of 8.95% p.a. [March 31, 2022 : Nil % p.a.] The loan is repayable in 10 quarterly installments starting from April 2024 with the last instalment due on July 2026. The loan is secured by first pari-passu first charge over movable and immovable fixed assets of the Company, excluding those exclusively charged to other term lenders (including long term loans availed for the energy efficiency capital expenditure).

Term loan from a bank of INR 2,470.52 Lakhs (including current maturities of INR Nil) [March 31, 2022: INR Nil (including current maturities of INR Nil)] carries interest rate of 9.25% p.a. [March 31, 2022 : Nil % p.a.] The loan is repayable in 15 quarterly installments starting from September 2024 with the last instalment due on March 2028. The loan is secured by first pari-passu first charge over movable and immovable fixed assets of the Company, excluding those exclusively charged to other term lenders (including long term loans availed for the energy efficiency capital expenditure).

Term loan from a bank of INR 2,717.41 Lakhs (including current maturities of INR 2,717.41 Lakhs) [March 31, 2022: INR Nil (including current maturities of INR Nil)] carries interest rate of 9.00% p.a. [March 31, 2022 : Nil % p.a.] The loan is repayable in monthly installments starting from April 2023 with the last instalment due on February 2024. The loan is secured by first pari-passu first charge over movable and immovable fixed assets of the Company both present and future, excluding those exclusively charged to other term lenders.

### Indian currency vehicle loans

Vehicle loans from a bank of INR 51.28 Lakhs (including current maturities of INR 14.84 Lakhs) [March 31, 2022: INR 3.16 Lakhs (including current maturities of INR 3.16 Lakhs)] carry interest at 8.36% p.a. to 9.35% p.a. [March 31, 2022 : 8.36% p.a.] The loan is repayable in 36 to 48 monthly installments starting from July 2018 with the last instalment due on September 2026 and is secured by first pari-passu charge on fixed assets financed by the said term loans.

### **Unsecured borrowings**

#### Foreign currency term loans

Term loan from a bank of INR Nil (including current maturities of INR Nil) [March 31, 2022: INR 332.97 Lakhs (including current maturities of INR 332.97 Lakhs)] carries fixed interest of 1.40% p.a. [March 31, 2022 : 1.40% p.a.] The loan is repayable in 14 equal installments starting from August 2016 with the last installment due on February 2023. The loan is secured by guarantee issued by Eksport Kredit Fonden plc (EKF), the state owned export credit agency of Denmark.

## 15. Lease liabilities

	Non-current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Lease liabilities (Refer Note 33)	1,886.60	2,068.09	36.07	45.66
	<b>1,886.60</b>	<b>2,068.09</b>	<b>36.07</b>	<b>45.66</b>

## 16. Financial Liabilities-Others

	Non-current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
<u>Financial liabilities at fair value through profit or loss</u>				
Derivatives not designated as hedges	-	15.14	252.21	498.94
<u>Financial liabilities at amortised cost</u>				
Liabilities for capital goods	-	-	337.72	4,538.43
Interest accrued but not due on borrowings and others	-	-	322.27	174.55
Security deposits	-	-	5,244.19	5,138.73
Payable to Gas pool operator	-	-	3,119.88	3,117.05
Employee benefits payable	-	-	760.75	808.50
Other expenses payable	-	-	2,664.02	2,674.36
Unpaid dividend*	-	-	119.46	122.16
<b>Total</b>	<b>-</b>	<b>15.14</b>	<b>12,820.50</b>	<b>17,072.72</b>

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

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

### 17. Provisions

	Non-current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits				
Gratuity (Refer Note 27)	1,180.60	1,134.73	106.49	134.05
Compensated absences	-	-	1,011.18	893.91
<b>Total</b>	<b>1,180.60</b>	<b>1,134.73</b>	<b>1,117.67</b>	<b>1,027.96</b>

### 18. Deferred tax liabilities (net)

	Balance Sheet		Statement of Profit and Loss	
	As at March 31, 2023	As at March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
<u>Deferred tax liabilities</u>				
Property, plant and equipment, Right-of-use assets and Intangible assets: Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	12,916.61	9,260.06	3,656.55	(1,066.95)
Others	161.92	120.23	41.69	91.28
	<b>13,078.53</b>	<b>9,380.29</b>	<b>3,698.24</b>	<b>(975.67)</b>
<u>Deferred tax assets</u>				
Allowance for doubtful receivables	414.67	437.27	(22.60)	(23.18)
Provision for gratuity and compensated absences	578.47	544.35	34.12	16.98
Lease Liability	491.59	548.18	(56.59)	(7.11)
Others	464.68	345.27	119.41	2.36
Minimum Alternate Tax ("MAT") credit entitlement	4,979.26	2,398.52	2,580.74	(3,283.72)
	<b>6,928.67</b>	<b>4,273.59</b>	<b>2,655.08</b>	<b>(3,294.67)</b>
<b>Net deferred tax liability</b>	<b>6,149.86</b>	<b>5,106.70</b>		
<b>Deferred tax charge/(credit)</b>			<b>1,043.16</b>	<b>2,319.00</b>

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

#### Reconciliation of movement in deferred tax liabilities (net)

Balance at the beginning of the year	5,106.70	2,787.70
Tax charge/(credit) during the year		
Recognised in profit and loss	1,060.08	2,329.88
Recognised in OCI	(16.92)	(10.88)
	1,043.16	2,319.00
Balance at the end of the year	<b>6,149.86</b>	<b>5,106.70</b>



## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

	As at March 31, 2023	As at March 31, 2022
<b>19. Current borrowings</b>		
<u>Secured borrowings</u>		
Foreign currency buyer's/suppliers' credit from banks	35,574.94	48,157.89
Indian currency bills discounted with banks	55,253.20	54,724.39
Current maturities of long-term borrowings (Refer Note 14)	9,271.23	6,459.78
	<b>1,00,099.37</b>	<b>1,09,342.06</b>
<u>Unsecured borrowings</u>		
Current maturities of long-term borrowings (Refer Note 14)	-	332.97
Indian currency short-term loans from banks	-	2,671.44
	-	<b>3,004.41</b>
<b>Total</b>	<b>1,00,099.37</b>	<b>1,12,346.47</b>

### Secured borrowings

The facilities are secured by first pari-passu charge on all current assets (both present and future) and property, plant and equipment of the Company, excluding assets which are exclusively charged to other lenders. These facilities are repayable within 12 months period. The interest carried on these facilities are - buyers/suppliers credits: 0.37% to 5.58% p.a. [March 31, 2022 : 0.32% to 2.36% p.a.], bills discounted: 4.40% to 7.50% p.a. [March 31, 2022 : 4.40% to 6.10% p.a.], cash credit: 8.75% to 11.45% p.a. [March 31, 2022 : 8.75% to 10.25% p.a.]

### Unsecured borrowings

The short-term loans are repayable over a maturity period of 45 to 90 days and carry floating interest rate of 8.50% to 9.00% p.a. [March 31, 2022 : 7.50% to 8.50% p.a.]

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

	As at March 31, 2023	As at March 31, 2022
<b>20. Trade payables</b>		
Trade payables		
- total outstanding dues of micro enterprises and small enterprises (Refer Note 36)	4,582.66	1,057.85
- total outstanding dues of creditors other than micro enterprises and small enterprises	19,674.70	39,419.36
	<b>24,257.36</b>	<b>40,477.21</b>
Trade payables	20,448.02	40,420.20
Trade payables to related parties (Refer Note 38)	3,809.34	57.01
<b>Total</b>	<b>24,257.36</b>	<b>40,477.21</b>

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

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

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

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

Trade payables Ageing Schedule

As at March 31, 2023

	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises**	-	4,581.99	-	-	-	0.67	4,582.66
Total outstanding dues of creditors other than micro enterprises and small enterprises	325.76	18,940.27	384.17	7.40	0.35	16.75	19,674.70
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>325.76</b>	<b>23,522.26</b>	<b>384.17</b>	<b>7.40</b>	<b>0.35</b>	<b>17.42</b>	<b>24,257.36</b>

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

As at March 31, 2022

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

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

### 21. Other current liabilities

	As at March 31, 2023	As at March 31, 2022
Statutory dues payable	339.29	370.25
Contract liabilities - Advances from customers**	1,601.93	1,372.48
<b>Total</b>	<b>1,941.22</b>	<b>1,742.73</b>

\*\*Revenue recognised from amounts included in contract liabilities at the beginning of the year is INR 1,203.71 Lakhs (March 31, 2022 : INR 436.54 Lakhs).

### Break-up of financial liabilities carried at amortised cost

	Non-current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Non-Current Borrowings (Refer Note 14)	35,667.55	21,815.13	-	-
Lease Liabilities (Refer Note 15)	1,886.60	2,068.09	36.07	45.66
Current Borrowings (Refer Note 19)	-	-	1,00,099.37	1,12,346.47
Trade Payables (Refer Note 20)	-	-	24,257.36	40,477.21
Others (Refer Note 16)	-	-	12,568.29	16,573.78
<b>Total</b>	<b>37,554.15</b>	<b>23,883.22</b>	<b>1,36,961.09</b>	<b>1,69,443.12</b>

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>22. Revenue from contracts with customers</b>		
Sale of products (including concession/subsidy on fertilisers)		
Manufactured	3,41,444.33	2,79,630.13
Traded	22,471.12	9,754.94
Sale of services	5.52	9.64
Other operating revenues (scrap sales)	231.43	163.59
<b>Total</b>	<b>3,64,152.40</b>	<b>2,89,558.30</b>
<b>(a) Disaggregated revenue information</b>		
<u>Manufactured</u>		
Urea	1,79,677.75	1,65,278.43
Complex fertilizers	1,52,835.52	1,05,009.67
Others	8,931.06	9,342.03
	<b>3,41,444.33</b>	<b>2,79,630.13</b>
<u>Traded</u>		
Complex fertilizers	19,674.15	-
Muriate of Potash (MOP)	-	6,558.46
Others	2,796.97	3,196.48
	<b>22,471.12</b>	<b>9,754.94</b>
<b>(b) Timing of revenue recognition</b>		
Products transferred for a point in time	3,64,146.88	2,89,548.66
Services rendered at a point in time	5.52	9.64
	<b>3,64,152.40</b>	<b>2,89,558.30</b>
<b>(c) Reconciliation of amount of revenue recognised with contract price</b>		
Revenue as per contracted price (including concession/subsidy on fertilisers)	3,72,027.46	2,93,732.20
Adjustments		
Rebates	(7,568.82)	(3,825.36)
Others	(306.24)	(348.54)
<b>Revenue from contracts with customers</b>	<b>3,64,152.40</b>	<b>2,89,558.30</b>

### (d) Performance obligation

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

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

- (e) Sales of products include government concession/subsidies amounting to INR 2,68,770.17 Lakhs (Previous year: INR 1,96,363.31 Lakhs). The urea concession has been estimated and accounted as per the Government of India notification dated June 17, 2015 and the subsidy on phosphatic and complex fertilisers has been accounted based on estimates and on the rates announced by the Government of India under Nutrient Based Subsidy Policy, as applicable.
- (f) Government of India has notified the pooling of Gas in Fertiliser (Urea) sector effective from June 2015. As per the notification, domestic Gas is pooled with Regasified Liquefied Natural Gas (RLNG) to provide natural Gas at uniform delivered price to all Natural Gas Grid connected Urea manufacturing plants.

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

(g) The Company had during the year ended March 31, 2021 recognised urea subsidy income of INR 2,914 Lakhs without benchmarking its cost of production using naphtha with that of gas-based urea manufacturing units recently converted to natural gas, as notified by the Department of Fertilizers [DoF] for subsidy income computation, against which the Company had filed a writ petition against the DoF before the Hon'ble High Court of Delhi [DHC]. Pending finalization of writ petition before the DHC, the management, based on legal opinion and considering the fact that the energy cost is always a pass through in subsidy computation, believes that artificial benchmarking is arbitrary and discriminatory and is confident of realisation of the aforesaid subsidy income.

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

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>23. Other income</b>		
Interest income on bank deposits and others	2,522.18	1,928.40
Rental income	112.36	109.27
Insurance claim received	5.56	1.00
Provisions no longer required written back*	389.08	345.76
Other non-operating income	35.44	42.63
<b>Total</b>	<b>3,064.62</b>	<b>2,427.06</b>

\* Includes Provision for impairment of GST credit of previous years reversed INR 37.04 Lakhs and Provision for Impairment of Trade Receivable written back Rs. 90.64 Lakhs [Previous year - Provision for impairment of Trade Receivable written back INR 86.51 Lakhs]

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>24. Cost of materials consumed</b>		
Inventories at the beginning of the year	20,395.17	8,846.36
Add: Purchases during the year	1,93,082.18	1,98,483.47
Less: Inventories at the end of the year	13,851.83	20,395.17
<b>Cost of materials consumed</b>	<b>1,99,625.52</b>	<b>1,86,934.66</b>
<u>Materials consumed</u>		
Natural Gas	78,421.53	74,326.92
Phosphoric acid	62,988.49	68,098.23
Imported ammonia	36,591.70	27,538.62
Others	21,623.80	16,970.89
<b>Total</b>	<b>1,99,625.52</b>	<b>1,86,934.66</b>

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>25. Purchases of traded goods</b>		
Complex fertilizers	22,862.00	-
Muriate of Potash (MOP)	-	5,534.62
Others	2,951.56	882.29
<b>Total</b>	<b>25,813.56</b>	<b>6,416.91</b>

## 26. Change in inventories of finished goods, work-in-progress and traded goods

Inventories at the beginning of the year		
Finished goods	18,439.38	3,919.16
Traded goods	150.49	1,531.55
Work-in-progress	35.27	51.74
	<u>18,625.14</u>	<u>5,502.45</u>
Less: Inventories at the end of the year		
Finished goods	1,850.61	18,439.38
Traded goods	4,735.43	150.49
Work-in-progress	196.73	35.27
	<u>6,782.77</u>	<u>18,625.14</u>
<b>Changes in inventories of finished goods, work-in-progress and traded goods</b>	<b>11,842.37</b>	<b>(13,122.69)</b>

## 27. Employee benefits expense

Salaries, wages and bonus	6,078.43	5,999.91
Gratuity expense [refer note (ii) below]	149.99	180.14
Contribution to provident and other funds [refer note (iii) below]	419.90	423.99
Staff welfare expenses	268.86	358.60
<b>Total</b>	<b>6,917.18</b>	<b>6,962.64</b>

- (i) The Code on Social Security, 2020 ('Code') relating to employee benefits received Presidential assent in September 2020. However, effective date and the final rules/interpretation have not yet been notified/issued. The Company will assess the impact of the Code and recognize the same, if any, once the Code comes into effect.
- (ii) The Company operates defined benefit plan i.e., gratuity for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The fund has the form of a trust and it is governed by the Board of Trustees who is responsible for the administration of the plan assets and for the definition of the investment strategy.

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

The following table summarises the components of net benefit expenses and the funded status for the plan:

	For the year ended March 31, 2023	For the year ended March 31, 2022
(a) Cost charged to the statement of profit or loss under employee cost		
Current service cost	84.41	98.32
Interest cost	101.07	111.92
Return on plan assets	(9.15)	(30.10)
<b>Net employee benefit expense</b>	<b>176.33</b>	<b>180.14</b>
(b) Re-measurement (loss)/gain recognised in other comprehensive income		
Actuarial (loss)/gain		
Change in financial and demographic assumptions	11.04	44.43
Experience variance (actual vs assumption)	(57.14)	(63.53)
Actuarial (loss) on assets	(2.32)	(12.05)
<b>Net actuarial (loss)/gain</b>	<b>(48.42)</b>	<b>(31.15)</b>
(c) Changes in the present value of the defined benefit obligation		
Obligations at beginning of the year	1,395.12	1,659.21
Current service cost	84.41	98.32
Interest cost	101.07	111.92
Benefits paid	(262.86)	(493.43)
Actuarial (loss)	46.10	19.10
<b>Obligations at end of the year</b>	<b>1,363.84</b>	<b>1,395.12</b>
(d) Change in fair value of plan assets		
Plan assets at the beginning of the year	126.34	446.30
Return on plan assets	9.15	30.10
Contributions during the year	206.44	155.42
Benefits paid	(262.86)	(493.43)
Actuarial (loss)	(2.32)	(12.05)
<b>Plan assets at end of the year</b>	<b>76.75</b>	<b>126.34</b>
(e) Benefit asset/(liability)		
Fair value of plan assets	76.75	126.34
Less: Present value of defined benefit obligations	1,363.84	1,395.12
<b>Benefit (liability)</b>	<b>(1,287.09)</b>	<b>(1,268.78)</b>
(f) Major category of plan assets included in fair value of plan assets		
Fund balance with insurance companies	76.75	126.34
<b>Total</b>	<b>76.75</b>	<b>126.34</b>



## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

	For the year ended March 31, 2023	For the year ended March 31, 2022
(g) The principal assumptions used in determining gratuity obligations for the Company plan are as shown below:		
Discount rate	7.45%	7.25%
Salary increase rate	6.50%-8.00%	6.50%-8.00%
Employee turnover	1.00%-3.00%	1.00%-3.00%

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

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

	As at March 31, 2023		As at March 31, 2022	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
<u>Impact on defined benefit obligation</u>				
Discount rate	(57.51)	62.43	(56.41)	61.29
Salary increase rate	62.25	(57.84)	61.27	(56.89)
Employee turnover	6.08	(6.82)	4.42	(5.01)
Mortality rate	0.31	(0.31)	0.23	(0.22)

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

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

	For the year ended March 31, 2023	For the year ended March 31, 2022
Within next 12 months	183.25	260.40
Between 2 to 5 years	536.10	542.54
Between 6 to 10 years	424.86	416.05
More than 10 years	2,152.50	1,993.15
<b>Total</b>	<b>3,296.71</b>	<b>3,212.14</b>

The average duration of the defined benefit plan obligation at the end of the reporting period/year is 9 years (March 31, 2022: 9 years).

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

	For the year ended March 31, 2023	For the year ended March 31, 2022
Provident fund	264.43	267.62
Superannuation fund and national pension scheme	144.72	141.19
Others	10.75	15.18
<b>Total</b>	<b>419.90</b>	<b>423.99</b>

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>28. Finance costs</b>		
Interest expense	7,131.23	2,850.89
Interest on Income Tax	32.00	68.00
Interest on Leases (Refer Note 33)	202.05	216.50
Exchange difference regarded as adjustment to borrowing cost	1,337.52	836.15
Other borrowing costs	1,734.96	968.88
<b>Total</b>	<b>10,437.76</b>	<b>4,940.42</b>
<b>29. Depreciation and amortisation expense</b>		
Depreciation of property, plant and equipment	5,802.28	4,873.61
Depreciation of right of use assets	111.94	128.04
Amortisation of intangible assets	53.28	54.10
<b>Total</b>	<b>5,967.50</b>	<b>5,055.75</b>
<b>30. Other expenses</b>		
Consumption of stores and spares	892.30	882.53
Power, fuel and water	66,386.91	57,756.87
Bagging and other contracting charges	775.64	806.43
Transportation	10,500.82	11,437.20
Repairs and maintenance		
Buildings	130.44	160.42
Plant and equipment	2,759.75	2,468.60
Others	629.01	649.58
Rent	478.43	543.10
Rates and taxes	19.48	9.40
Insurance	796.40	723.81
Travelling and conveyance	245.14	176.91
Net loss on disposal of property, plant and equipment	521.96	548.79
Director's sitting fees	25.05	23.90
Auditors remuneration (refer details below)	33.56	40.15
CSR expenditure (refer note 37)	210.00	152.75
Foreign exchange differences (net)	1,800.69	2,426.05
Miscellaneous expenses	2,804.96	2,525.17
<b>Total</b>	<b>89,010.54</b>	<b>81,331.66</b>
<u>Payment to Auditors</u>		
<u>As Auditor</u>		
Statutory audit fee	17.00	22.00
Limited review fee	9.75	11.25
<u>In other capacity</u>		
Certification fees	6.00	6.75
Others (including reimbursement of expenses)	0.81	0.15
<b>Total</b>	<b>33.56</b>	<b>40.15</b>

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>31. Tax expenses</b>		
Income tax related to items charged or credited to statement of profit and loss during the year:		
<b>Profit and loss section</b>		
Current tax (Minimum Alternate Tax)	3,077.00	2,350.00
Deferred tax charge/(credit)		
MAT credit utilisation/(accumulation)	(2,580.74)	3,283.72
Deferred tax charge for prior years	(1.25)	(160.21)
Deferred tax credit on others	3,642.07	(793.63)
<b>Total</b>	<b>4,137.08</b>	<b>4,679.88</b>
Deferred tax expense for the year includes deferred tax charge/(credit) relating to prior year recognized towards true-up adjustment on filing of income tax returns by the Company.		
<b>Other comprehensive income</b>		
Deferred tax (credit)/charge on re-measurement of defined benefit plan	(16.92)	(10.88)
<b>Total</b>	<b>(16.92)</b>	<b>(10.88)</b>
Reconciliation of tax expense with accounting profit multiplied by statutory income tax rate:		
<b>Accounting profit before income tax</b>	<b>17,602.59</b>	<b>13,466.01</b>
Tax as per statutory income tax rate of 34.94% (Previous period: 34.94%)	6,151.05	4,705.56
Non-deductible expenses for tax purposes		
CSR expenditure	73.38	53.38
Unrealised foreign exchange gain on capital items	-	(2.12)
Deferred tax charge for prior years	(1.25)	(160.21)
Other non-deductible expenses	223.82	35.62
Impact of change in tax rate for future periods*	(2,309.92)	47.65
<b>Income tax expense reported in statement of profit and loss account</b>	<b>4,137.08</b>	<b>4,679.88</b>
<b>Effective tax rate</b>	<b>23.50%</b>	<b>34.75%</b>

\* Management has assessed the utilization of Minimum Alternate Tax (MAT) on the basis of future profitability projections. Further, the management also assessed it to be probable that post utilization of MAT the Company will be exercising option to pay Income Tax at reduced rates as per the provisions/conditions defined in the new Section 115BAA in the Income Tax Act, 1961, inserted vide the Taxation Laws (Amendment) Ordinance 2019.

## 32. Earnings per share (EPS)

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

Net profit attributable to equity shareholders	13,465.51	8,786.13
Weighted average number of equity shares considered for calculating basic/diluted EPS	11,85,15,150	11,85,15,150
<b>Earnings per Share (Basic/Diluted)</b>	<b>11.36</b>	<b>7.41</b>

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

### 33. Leases

#### The Company as a lessee

The Company has lease contracts for land, buildings and tanks. The leases for land generally have lease terms between 1 to 30 years, while others generally have lease terms between 1 to 6 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and sub-leasing the leased assets. There are several lease contracts that include extension and termination options, which are further discussed below.

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

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

	For the year ended March 31, 2023	For the year ended March 31, 2022
At the beginning of the year	2,113.75	2,134.12
Additions	-	15.89
Leases terminated	(157.49)	-
Accretion of interest	202.05	216.50
Payments	(235.64)	(252.76)
<b>At the end of the year</b>	<b>1,922.67</b>	<b>2,113.75</b>
Current	36.07	45.66
Non-current	1,886.60	2,068.09

The maturity analysis of lease liabilities are disclosed in Note 41(c). The following are the amounts recognised in the statement of profit or loss:

Depreciation expense of right-of-use assets	111.94	128.04
Interest expense on lease liabilities	202.05	216.50
Expense relating to short-term leases (included in rent expense)	478.43	543.10
<b>Total amount recognised in the statement of profit or loss</b>	<b>792.42</b>	<b>887.64</b>

The Company had total cash outflows for leases of INR 714.07 Lakhs (Previous year: INR 795.86 Lakhs). The Company also had non-cash additions to right-of-use assets and lease liabilities of INR Nil (Previous year: 15.89 Lakhs).

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

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

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

	For the year ended March 31, 2023	For the year ended March 31, 2022
Expense relating to leases of low-value assets	-	-
Expense relating to short-term leases	78.67	75.26
Variable lease payments	399.76	467.84
<b>Total Lease Payments not considered as Lease payments under Ind AS 116</b>	<b>478.43</b>	<b>543.10</b>

#### The Company as a lessor

The Company has entered into cancellable operating leases in respect of a portion of its land and building. These leases have terms of between 10 years and above. The leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The total rents recognised as income during the period is INR 112.36 Lakhs (Previous year: INR 109.27 Lakhs).

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>34. Capital and other commitments</b>		
(a) Estimated amount of contract remaining to be executed (net of capital advances) on capital account and not provided for	5,225.19	14,015.72
(b) For commitments relating to lease arrangements, refer Note 33.		
<b>35. Contingent liabilities</b>		
(a) Claims against the Company not acknowledged as debts		
Income tax	358.04	358.04
Excise duty	638.96	638.96
Entry tax	334.81	334.81
Customs duty	424.70	402.70
Service tax	15.49	15.49
Others	95.00	95.00
<p>The income tax matters under appeal include certain deductions claimed by the Company for financial years 2012-13 and 2013-14 which have resulted in tax losses, on which deferred tax assets have been recognized and utilized against taxable profits of following years, which have been disallowed by the income tax authorities and the differential tax liability (deferred tax/regular tax) that may arise is estimated to be INR 3,315 Lakhs and interest thereon. The Company is contesting aforesaid disallowances and the management, based on independent tax opinions, believes that its position will likely be upheld in the appellate process and accordingly no expense has been accrued in this regard.</p> <p>The Company is contesting aforesaid demands and the management, based on advise of its advisors, believes that its position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for these demands raised. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations. The Company does not expect any reimbursements in respect of the above contingent liabilities.</p> <p>In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management reasonably does not expect that these legal actions, when ultimately concluded and determined, will have any material effect on the Company's results of operations or financial condition.</p>		
(b) Other money for which the Company is contingently liable		
Bank guarantees	904.23	864.96

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

	For the year ended March 31, 2023	For the year ended March 31, 2022
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises*	4,581.99	1,057.18
- Interest due on above	0.67	0.67
<b>Total</b>	<b>4,582.66</b>	<b>1,057.85</b>

\*Excluding liabilities for capital goods of INR 133.68 Lakhs (March 31, 2022 : INR 845.99 Lakhs).

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

	For the year ended March 31, 2023	For the year ended March 31, 2022
The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting period/year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act 2006	0.67	0.67
The information given above is to the extent such parties have been identified by the Company on the basis of information disclosed by the suppliers.		

	For the year ended March 31, 2023	For the year ended March 31, 2022
--	--------------------------------------	--------------------------------------

### 37. Details of CSR expenditure

- a) Gross amount required to be spent by the Company during the year 209.71 152.75
- b) Amount approved by the Board to be spent during the year 209.71 152.75
- c) Amount spent during the year ending on 31 March 2023:

	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	210.00	-	210.00

- d) Amount spent during the year ending on 31 March 2022:

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

	For the year ended March 31, 2023	For the year ended March 31, 2022
e) Details related to spent / unspent obligations:		
i) Amount spent	210.00	152.75
ii) Unspent amount in relation to:		
- Ongoing project	-	-
- Other than ongoing project	-	-
<b>Total</b>	<b>210.00</b>	<b>152.75</b>

#### Details of excess amount spent

In case of S. 135(5) Excess amount spent			
Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing Balance
0.24	209.71	210	0.53



## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

### 38. Related party disclosures

#### Names of related parties:

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

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

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

Key Management Personnel	: Mr. Shubhabrata Saha, Managing Director (w.e.f. 16.09.2021 till 03.11.2022)
	Mr. K. Prabhakar Rao, Whole-time director (till 31.12.2021)
	Mr. Nitin Manguesh Kantak, Whole-time Director (KMP w.e.f. 03.11.2022)
	Mr. T.M. Muralidharan, Chief Financial Officer
	Mr. Vijayamahantesh Khannur, Company Secretary
Directors	: Mr. Akshay Poddar
	Mr. D A Prasanna
	Ms. Rita Menon
	Mr. Dipankar Chatterji (till 13.05.2022)
	Mr. Marco Philippus Ardesheir Wadia (w.e.f. 13.05.2022)
	Mr. Nitin Manguesh Kantak (Non-Executive Director w.e.f. 01.01.2022 till 02.11.2022)
	Mr. Sabaleel Nandy (w.e.f. 03.11.2022 till 25.03.2023)
	Mr. N Suresh Krishnan (w.e.f. 25.03.2023)
Enterprises in which directors/shareholders are interested	: Lionel India Limited ("LIL")
	Adventz Finance Private Limited
Employee benefit trusts	: MCF Ltd. Employees Gratuity Fund Trust ("MCF Gratuity Trust")
	MCF Ltd. Employees Superannuation Trust ("MCF Superannuation Trust")

Summary of transactions entered into with related parties during the year:

	Holding Company		Common control		Key Management Personnel and Directors		Others including Promoters & Promoters Group	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<u>Sale of goods (net)</u>								
ZFL	-	-	6,991.03	4,173.50	-	-	-	-
	-	-	<b>6,991.03</b>	<b>4,173.50</b>	-	-	-	-

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

	Holding Company		Common control		Key Management Personnel and Directors		Others including Promoters & Promoters Group	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<u>Purchase of goods (net)</u>								
ZFL	-	-	35.29	-	-	-	-	-
PPL	-	-	3,697.12	1,077.28	-	-	-	-
	-	-	<b>3,732.41</b>	<b>1,077.28</b>	-	-	-	-
<u>Interest income</u>								
ZACL	743.48	1,146.96	-	-	-	-	-	-
ZFL	-	-	3.33	-	-	-	-	-
	<b>743.48</b>	<b>1,146.96</b>	<b>3.33</b>	-	-	-	-	-
<u>Interest expense</u>								
ZFL	-	-	-	5.12	-	-	-	-
PPL	-	-	-	1.50	-	-	-	-
	-	-	-	<b>6.62</b>	-	-	-	-
<u>Purchase of services</u>								
ZMSL	-	-	89.98	112.61	-	-	-	-
	-	-	<b>89.98</b>	<b>112.61</b>	-	-	-	-
<u>Travel expenses paid</u>								
LIL	-	-	-	-	-	-	60.32	25.98
	-	-	-	-	-	-	<b>60.32</b>	<b>25.98</b>
<u>Reimbursement of expenses by the Company</u>								
ZACL	-	72.59	-	-	-	-	-	-
ZFL	-	-	14.48	136.02	-	-	-	-
PPL	-	-	2.25	-	-	-	-	-
Adventz Finance Private Limited	-	-	-	-	-	-	7.46	29.47
	-	<b>72.59</b>	<b>16.73</b>	<b>136.02</b>	-	-	<b>7.46</b>	<b>29.47</b>
<u>Reimbursement of expenses to the Company</u>								
ZACL	143.33	53.44	-	-	-	-	-	-
ZFL	-	-	22.49	-	-	-	-	-
PPL	-	-	0.04	2.24	-	-	-	-
	<b>143.33</b>	<b>53.44</b>	<b>22.53</b>	<b>2.24</b>	-	-	-	-

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

	Holding Company		Common control		Key Management Personnel and Directors		Others including Promoters & Promoters Group	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<u>Sitting fees paid</u>								
Mr. Akshay Poddar	-	-	-	-	4.30	3.80	-	-
Mr. D A Prasanna	-	-	-	-	6.75	6.50	-	-
Mr. Dipankar Chatterji	-	-	-	-	0.40	5.50	-	-
Mr. Suresh Krishnan	-	-	-	-	-	2.10	-	-
Ms. Rita Menon	-	-	-	-	5.75	5.50	-	-
Mr. Marco Wadia	-	-	-	-	5.35	-	-	-
Mr. Nitin M Kantak	-	-	-	-	1.50	0.50	-	-
Mr. Sabaleel Nandy	-	-	-	-	1.00	-	-	-
	-	-	-	-	<b>25.05</b>	<b>23.90</b>	-	-
<u>Directors' Remuneration</u>								
Mr. Akshay Poddar	-	-	-	-	5.00	5.00	-	-
Mr. D A Prasanna	-	-	-	-	5.00	5.00	-	-
Mr. Dipankar Chatterji	-	-	-	-	-	5.00	-	-
Mr. Suresh Krishnan	-	-	-	-	-	2.50	-	-
Ms. Rita Menon	-	-	-	-	5.00	5.00	-	-
Mr. Marco Wadia	-	-	-	-	4.50	-	-	-
Mr. Nitin M Kantak	-	-	-	-	2.92	1.25	-	-
	-	-	-	-	<b>22.42</b>	<b>23.75</b>	-	-
<u>Dividend paid on equity shares</u>								
ZACL	768.34	640.28	-	-	-	-	-	-
Adventz Finance Private Limited	-	-	-	-	-	-	52.20	43.00
Zuari Industries Limited	-	-	-	-	-	-	3.67	3.06
McDowell Holdings Limited	-	-	-	-	-	-	15.09	12.57
Mrs. Jyotsna Poddar	-	-	-	-	-	-	1.89	1.57
Mrs. Shradha Agarwala	-	-	-	-	-	-	2.40	2.00
Mr. Gaurav Agarwala	-	-	-	-	-	-	1.80	1.50
Mr. Akshay Poddar	-	-	-	-	15.63	9.59	-	-
Mr. D A Prasanna	-	-	-	-	0.13	0.11	-	-
Mr. Vijayamahantesh Khannur	-	-	-	-	0.00	0.00	-	-
Mr. Nitin M Kantak	-	-	-	-	0.01	-	-	-
	<b>768.34</b>	<b>640.28</b>	-	-	<b>15.77</b>	<b>9.70</b>	<b>77.05</b>	<b>63.70</b>
<u>Contributions made</u>								
MCF Gratuity Trust	-	-	-	-	-	-	210.60	155.42
MCF Superannuation Trust	-	-	-	-	-	-	71.93	80.47
	-	-	-	-	-	-	<b>282.53</b>	<b>235.89</b>

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

	March 31, 2023	March 31, 2022
<u>Compensation of key management personnel*</u>		
Short-term employee benefits	576.79	441.64
Post-employment gratuity and medical benefits	-	-
Termination benefits	-	-
Share-based payment transactions	-	-
<b>Total compensation paid to key management personnel</b>	<b>576.79</b>	<b>441.64</b>

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

Summary of balances as at period/year end:

	Holding Company		Common control		Key Management Personnel and Directors		Others including Promoters & Promoters Group	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<u>Interest receivable</u>								
ZACL	4,348.45	4,010.72	-	-	-	-	-	-
	<b>4,348.45</b>	<b>4,010.72</b>	-	-	-	-	-	-
<u>Advance to suppliers</u>								
ZACL	-	1,980.00	-	-	-	-	-	-
	<b>-</b>	<b>1,980.00</b>	-	-	-	-	-	-
<u>Trade receivables</u>								
ZACL	8,003.60	7,983.01	-	-	-	-	-	-
ZFL	-	-	280.81	-	-	-	-	-
PPL	-	-	-	0.22	-	-	-	-
	<b>8,003.60</b>	<b>7,983.01</b>	<b>280.81</b>	<b>0.22</b>	-	-	-	-
<u>Trade payables</u>								
ZFL	-	-	-	43.14	-	-	-	-
PPL	-	-	3,808.39	-	-	-	-	-
LIL	-	-	-	-	-	-	0.94	13.87
	<b>-</b>	<b>-</b>	<b>3,808.39</b>	<b>43.14</b>	-	-	<b>0.94</b>	<b>13.87</b>

### Terms and conditions of transactions with related parties

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

### 39. Segment information

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

Revenue from single customer i.e. Government of India amounted to INR 2,68,770.17 Lakhs (Previous period: INR 1,96,363.31 Lakhs) arising from the concession/subsidy on fertilizers.

### 40. Financial instruments fair value measurement

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

Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

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

	Carrying amount		Fair values					
			Level 1		Level 2		Level 3	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Financial assets measured at fair value								
Derivatives not designated as hedges	26.61	43.23	-	-	26.61	43.23	-	-
Financial assets for which fair values are disclosed								
Trade receivables	75,724.26	66,502.77	-	-	75,724.26	66,502.77	-	-
Cash and cash equivalents	32,979.95	48,207.20	-	-	32,979.95	48,207.20	-	-
Other bank balances	3,605.39	7,514.35	-	-	3,605.39	7,514.35	-	-
Security deposits	594.71	616.86	-	-	594.71	616.86	-	-
Rebate/discount receivable from suppliers	938.31	1,377.77	-	-	938.31	1,377.77	-	-
Other receivable	518.86	-	-	-	518.86	-	-	-
Interest accrued on deposits and others	4,499.05	4,070.58	-	-	4,499.05	4,070.58	-	-
Financial liabilities measured at fair value								
Derivatives not designated as hedges	252.21	514.08	-	-	252.21	514.08	-	-
Financial liabilities for which fair values are disclosed								
Borrowings	1,35,766.92	1,34,161.60	-	-	1,35,766.92	1,34,161.60	-	-
Lease Liabilities	1,922.67	2,113.75	-	-	1,922.67	2,113.75	-	-
Trade payables	24,257.36	40,477.21	-	-	24,257.36	40,477.21	-	-
Liability for capital goods	337.72	4,538.43	-	-	337.72	4,538.43	-	-
Interest accrued on borrowings	322.27	174.55	-	-	322.27	174.55	-	-
Security deposits	5,244.19	5,138.73	-	-	5,244.19	5,138.73	-	-
Payable to Gas pool operator	3,119.88	3,117.05	-	-	3,119.88	3,117.05	-	-
Other payables	3,544.23	3,605.02	-	-	3,544.23	3,605.02	-	-

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

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

### 41. Financial risk management objectives and policies

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

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

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

### (a) Market risk

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

#### i. Interest rate risk

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

	March 31, 2023		March 31, 2022	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
INR Borrowings	(500.96)	500.96	(428.35)	428.35
USD Borrowings	(177.87)	177.87	(240.79)	240.79
EURO Borrowings	-	-	(1.66)	1.66

#### ii. Foreign currency risk

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

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

Type	Currency	March 31, 2023		March 31, 2022	
		Foreign currency in Lakhs	INR in Lakhs	Foreign currency in Lakhs	INR in Lakhs
Forward contracts	USD	353.74	29,067.04	729.37	55,280.48

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

	As at March 31, 2023	As at March 31, 2022
Rebate/discount receivable from suppliers	938.31	1,377.77
Other receivables	341.01	-
Borrowings	7,267.09	9,150.55
Trade payables	946.03	10,346.94

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

	March 31, 2023		March 31, 2022	
	5% increase	5% decrease	5% increase	5% decrease
<u>Impact on profit before tax</u>				
USD	(346.69)	346.69	(889.29)	889.29
EURO	-	-	(16.70)	16.70



## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

### iii. Commodity price risk

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

The Company deals in purchase of imported fertilizers (i.e., DAP and MOP), which are imported by the Company and sold in the domestic market. The import prices of these goods are governed by the international prices. There is a price and material availability risk, which may not be in line to meet the domestic market requirement. The risk is also with domestic manufacturers whose costing is based on majorly imported raw materials and small value-add. However, a dynamic alignment of procurement to sales and constant review of market conditions and competitors costing help in mitigating the impact.

The Company also deals in purchase of imported raw materials (i.e. P2O5, Ammonia and Urea) which are imported by the Company and used in the manufacturing of NP. The import prices of these materials are governed by international prices. There is a price and material availability risk.

### (b) Credit risk

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

### Trade Receivables

The Trade receivables can be classified into two categories, from the customers and from the Government in the form of subsidy/concession. The concession/subsidy receivable classified under trade receivables amounting to INR 63,358.47 Lakhs (March 31, 2022: INR 57,679.74 Lakhs) is receivable from the Government of India in the form of subsidy and being of sovereign nature credit risk is not perceived. The receivables from customers also include INR 8,284.41 Lakhs (March 31, 2022: INR 7,983.23 Lakhs) receivable from related party on which management does not expect any challenge in realisation. Further, as per terms agreed with related parties, interest is also charged on the overdue balances.

From market receivables from customers, the Company extends credit to customers in the normal course of business. The Company considers factors such as credit track record in the market and past dealings for extending credit to customers. The Company monitors the track record of the payments by the customers and the receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, since the customer base is large and located in several jurisdictions and operate in largely independent markets. The Company has also taken security deposits from its customers, which mitigate the credit risk to some extent. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 9. The Company holds collateral as security for many of its customers. At March 31, 2023, 35.75% (31 March 2022: 45.47%) of the Company's trade receivables from customers are covered by collateral security.

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

Though the required amount of ECL provision as at March 31, 2023 is lower than the provision of earlier years, the Company is carrying ECL of INR 500.03 Lakhs same as previous year on conservative basis.

Reconciliation of impairment of trade receivable and other assets

	As at March 31, 2023	As at March 31, 2022
<b>Impairment of Trade receivable</b>		
Balance at the beginning of the year	1,737.25	1,823.76
Less: Reversal of earlier years provisions	(90.64)	(86.51)
<b>Balance at the end of the year*</b>	<b>1,646.61</b>	<b>1,737.25</b>
<b>Impairment of Other assets</b>		
Balance at the beginning of the year	1,192.26	1,192.26
Add: Provision made during the year	-	-
Less: Provision reversed during the year	(37.04)	-
<b>Balance at the end of the year</b>	<b>1,155.22</b>	<b>1,192.26</b>

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

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

### (c) Liquidity risk

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

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

	Maturities				Total
	Upto 1 year	1-3 years	3-5 years	Above 5 years	
<b>March 31, 2023</b>					
Non-current borrowings	9,271.23	13,829.25	12,755.51	9,082.79	44,938.78
Lease liabilities	231.63	462.28	470.82	3,373.10	4,537.83
Current borrowings	90,828.14	-	-	-	90,828.14
Trade payables	24,257.36	-	-	-	24,257.36
Other financial liabilities	12,820.50	-	-	-	12,820.50
<b>Total</b>	<b>1,37,408.86</b>	<b>14,291.53</b>	<b>13,226.33</b>	<b>12,455.89</b>	<b>1,77,382.61</b>
<b>March 31, 2022</b>					
Non-current borrowings	6,792.75	14,174.73	5,448.54	2,191.86	28,607.88
Lease liabilities	259.12	531.48	535.53	3,660.31	4,986.44
Current borrowings	1,05,553.72	-	-	-	1,05,553.72
Trade payables	40,477.21	-	-	-	40,477.21
Other financial liabilities	17,072.72	15.14	-	-	17,087.86
<b>Total</b>	<b>1,70,155.52</b>	<b>14,721.35</b>	<b>5,984.07</b>	<b>5,852.17</b>	<b>1,96,713.11</b>

### 42. Ratio Analysis and its elements

Ratio	Numerator	Denominator	As at March 31, 2023	As at March 31, 2022	% change	Reason for variance above 25% as per Schedule III requirement
Current ratio	Current Assets	Current Liabilities	1.10	1.04	6.0%	
Debt- Equity Ratio	Total Debt	Shareholder's Equity	1.69	1.96	13.9%	
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	1.80	1.72	5.0%	
Return on Equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	18.12%	13.62%	33.1%	Due to improved efficiency & higher profits post completion of Energy Improvement Project during the year
Inventory Turnover ratio	Cost of goods sold	Average Inventory	7.07	5.90	19.9%	

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

Ratio	Numerator	Denominator	As at March 31, 2023	As at March 31, 2022	% change	Reason for variance above 25% as per Schedule III requirement
Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales – sales return	Average Trade Receivable	5.12	4.93	3.8%	
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases – purchase return	Average Trade Payables	6.76	5.59	(21.1%)	
Net Capital Turnover Ratio	Net sales = Total sales – sales return	Working capital = Current assets – Current liabilities	26.59	39.35	32.4%	Increase in net working capital at the end of the year
Net Profit ratio	Net Profit	Net sales = Total sales – sales return	3.70%	3.03%	(21.9%)	
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	12.98%	9.67%	34.18%	Higher profits due to improved efficiency after completion of Energy Improvement Project during the year

### 43. Other Statutory Information

- The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- The details of transactions with Struck off Companies are below:**

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

- The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- The Company has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

### 44. Capital management

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

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

	Notes	As at March 31, 2023	As at March 31, 2022
Non-current borrowings	14	35,667.55	21,815.13
Lease Liabilities	15	1,922.67	2,113.75
Current borrowings	19	1,00,099.37	1,12,346.47
Less: Cash and cash equivalents	10	(32,979.95)	(48,207.20)
Less: Other bank balances (excluding unpaid dividend accounts)	11	(3,485.93)	(7,392.19)
<b>Net debt (A)</b>		<b>1,01,223.71</b>	<b>80,675.96</b>
Equity share capital	12	11,854.87	11,854.87
Other equity	13	68,463.95	56,452.12
<b>Total equity (B)</b>		<b>80,318.82</b>	<b>68,306.99</b>
<b>Gearing ratio (A/B)</b>		<b>126%</b>	<b>118%</b>

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

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2023 and March 31, 2022.

### 45. Previous year figures have been regrouped/re-classified wherever necessary, to conform to current period's classification.

As per our report of even date

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

For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 003990S/S200018

**Akshay Poddar**  
Chairman  
DIN: 00008686

**Nitin M Kantak**  
Whole-time Director  
DIN: 08029847

per **Seethalakshmi M**  
Partner  
Membership Number: 208545

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

**Vijayamahantesh Khannur**  
Company Secretary

Place of Signature: Bangalore  
Date: May 11, 2023

Date: May 11, 2023



Registered Office: Level 11, UB Tower, UB City, No. 24, Vittal Mallya Road, Bengaluru – 560 001  
Tel. No. 080-4585 5599, Fax No. 080-4585 5588  
email : shares.mcfi@adventz.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 11, 2023, has recommended a dividend of INR 1.50 per equity share of INR 10 subject to the approval of the members at the Annual General Meeting scheduled to be held on September 26, 2023.

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 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 23, 2023 to update the bank details and arrange the dividend payment by NECS or through dividend warrant by printing the bank details, as the case may be.

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



Registered Office: Level 11, UB Tower, UB City, No. 24, Vittal Mallya Road, Bengaluru – 560 001  
Tel. No. 080-4585 5599, Fax No. 080-4585 5588  
email : shares.mcfi@adventz.com Website : www.mangalorechemicals.com  
CIN : L24123KA1966PLC002036

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

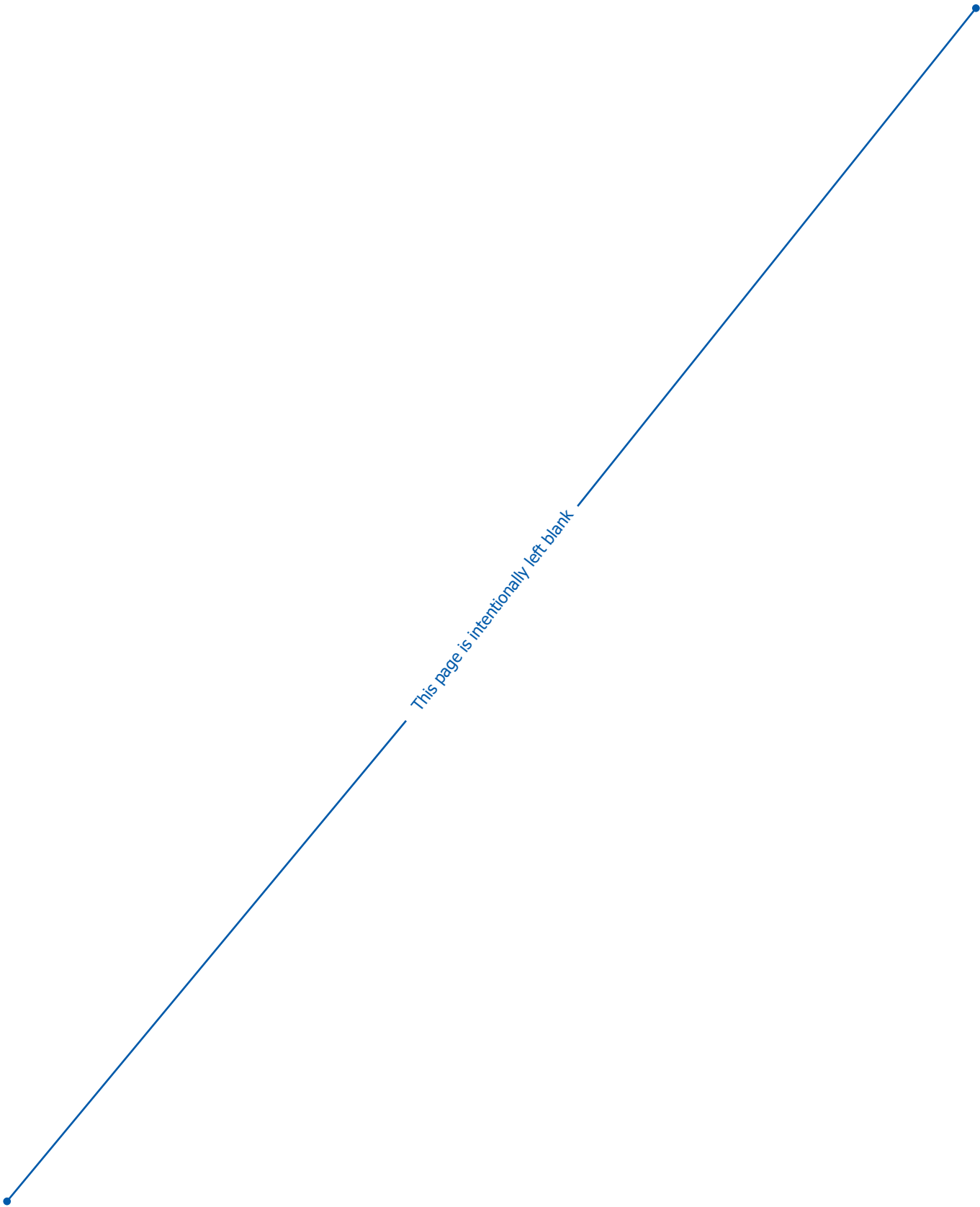
#### For the use of members holding shares in physical form only

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)

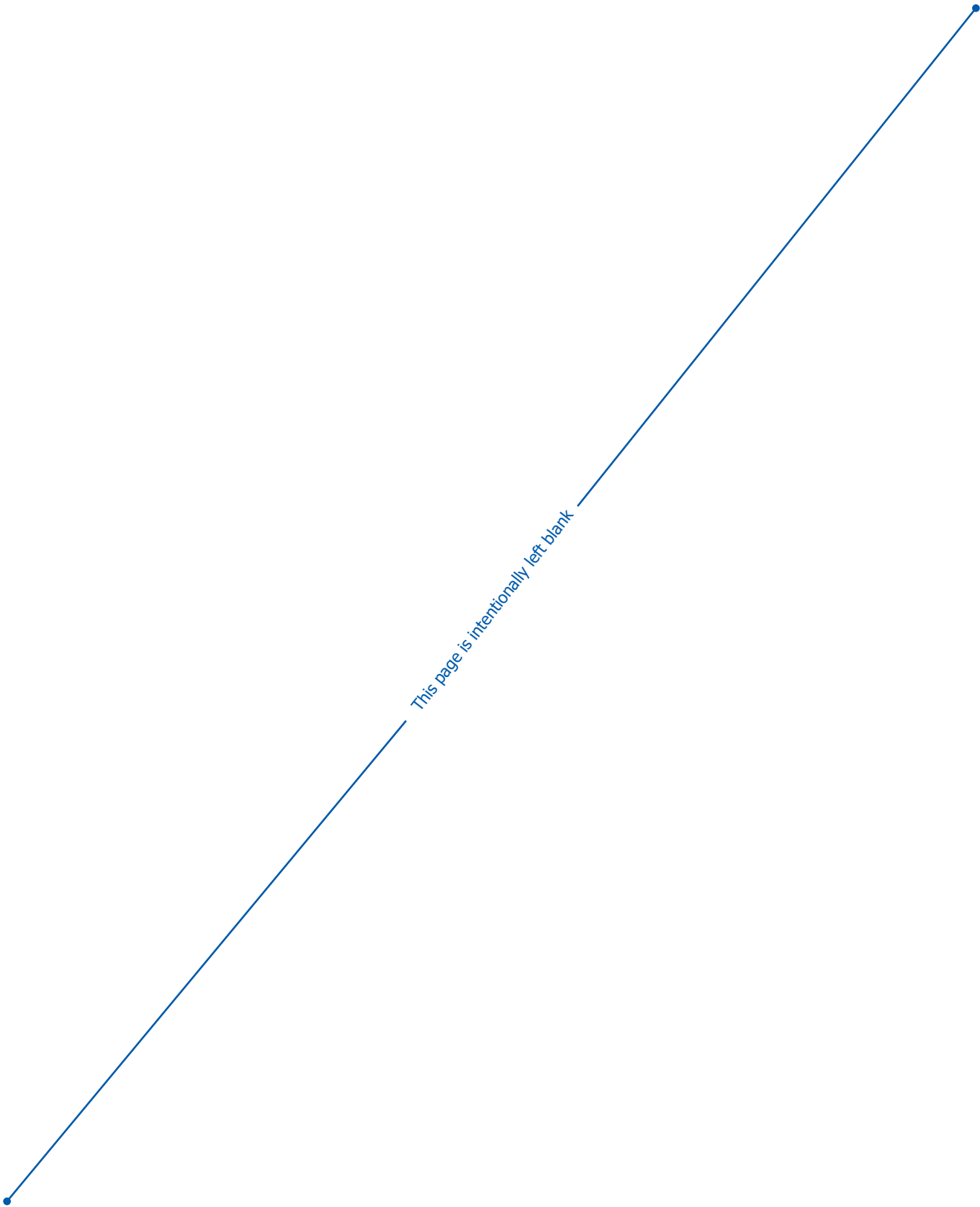


This page is intentionally left blank



## NOTE

This image shows a single sheet of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



This page is intentionally left blank

If undelivered, please return to:

**Mangalore Chemicals & Fertilizers Ltd.,**

Level 11, UB Tower, UB City,

24, Vittal Mallya Road,

Bengaluru - 560 001

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