



THEUBGROUP
FERTILIZER DIVISION

Annual Report 2004-2005



MCF

Mangalore Chemicals & Fertilizers Limited

An ISO 14001 Certified Company

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Aerial view of the Plant



Management Committee (from L to R) : A. Rudrachary, *Senior Vice-President – Finance*, A. S. Vijayakumar, *Vice President – Maintenance, Engineering & Reliability*, S. Kannan, *Company Secretary*, Padam Chand Jain, *Director [Works]*, Deepak Anand, *Managing Director*, H. M. Kshetrapalaiah, *Vice President – Marketing*, K. Prabhakara Rao, *Vice President – Operations*, Apollo Fernandes, *Vice President – Human Resources*.

Directors : Dr. Vijay Mallya, *Chairman*
 Deepak Anand, *Managing Director*
 S. R. Gupte, *UB Group Nominee*
 C.R. Chikkamath, *Government of Karnataka nominee*
 I.M. Vittala Murthy, *Government of Karnataka nominee*
 Mani Narayanswami, *Independent Director*
 Pratap Narayan, *Independent Director*
 Padam Chand Jain, *Wholetime Director*

Company Secretary : S. Kannan

Bankers : UTI Bank Limited
 ICICI Bank Limited

Legal Advisers : King & Partridge, Bangalore

Auditors : K. P. Rao & Company, Bangalore

Registered Office : No. 5 Crescent Road
 High Grounds
 Bangalore – 560 001

Works : Panambur
 Mangalore – 575 010

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Management Committee

Mr. Deepak Anand, *Managing Director*
 Mr. Padam Chand Jain, *Director (Works)*
 Mr. A. Rudrachary, *Senior Vice President (Finance)*
 Mr. K. Prabhakar Rao, *Vice President (Operations)*
 Mr. A. S. Vijaya Kumar, *Vice President (ME & R)*
 Mr. H. M. Kshetrapalaiah, *Vice President (Marketing)*
 Mr. Apollo Fernandes, *Vice President (HR)*
 Mr. S. Kannan, *Company Secretary*



TEN YEAR RECORD

Rs. Crores

	04-05	03-04	02-03	01-02	00-01	99-00	98-99	97-98	96-97	95-96
Profit and Loss Account										
Sales	878.02	614.21	562.79	571.18	680.63	615.65	520.11	451.60	312.73	219.33
Other Income	9.74	5.47	6.55	11.76	8.08	2.97	1.79	1.66	0.84	0.41
Interest	4.33	3.03	3.80	7.17	4.61	0.81	22.14	20.38	20.20	20.51
Depreciation	11.08	10.64	10.25	8.96	7.59	21.77	8.36	8.15	7.50	7.31
Profit/(Loss) before Tax	36.68	22.45	20.78	20.58	40.15	34.84	30.23	17.33	0.18	(21.29)
Balance Sheet										
Net Fixed Assets	250.71	255.89	256.78	145.30	108.75	110.91	101.99	95.26	91.98	89.63
Net Current Assets	196.41	117.53	121.77	94.62	122.90	107.46	164.86	120.31	85.92	76.27
Miscellaneous Expenditure	-	-	-	-	-	-	153.65	183.88	201.21	201.39
Total	447.12	373.42	378.55	239.92	231.65	218.37	420.50	399.45	379.11	367.29
Share Capital	118.55	118.55	118.55	123.36	123.36	103.36	103.36	103.36	103.36	103.36
Reserves & Surplus	197.70	178.10	167.33	48.21	48.67	17.34	0.17	0.17	0.17	0.17
Loan Funds	101.50	48.27	68.02	49.52	59.62	97.67	316.97	295.92	275.58	263.76
Deferred Tax Liability	29.37	28.50	24.65	18.83	-	-	-	-	-	-
Total	447.12	373.42	378.55	239.92	231.65	218.37	420.50	399.45	379.11	367.29

SIGNIFICANT FINANCIAL RATIOS

	04-05	03-04	02-03	01-02	00-01	99-00	98-99	97-98	96-97	95-96
Return on Average Capital Employed [%]	13.27*	9.39*	9.60*	11.77	19.89	14.70	21.71	19.17	10.87	(1.97)
Operating Profit to Sales [%]	4.82	4.99	5.03	4.37	6.50	8.84	11.33	9.79	8.10	1.61
Current Ratio [Times]	2.86	1.76	2.18	1.84	2.46	1.79	1.76	1.53	1.42	1.39
Quick Ratio [Times]	1.97	1.23	1.25	1.25	1.63	1.32	1.21	1.01	0.65	0.87
Sundry Debtors to Sales [Months]	0.68	1.66	2.37	1.98	2.54	1.70	1.30	0.65	0.49	1.82
Inventory of Finished Goods to Sales [Months]	0.13	0.34	0.84	0.27	0.42	0.11	0.47	0.74	2.00	0.48

* Capital employed is excluding Revaluation Reserve.

NOTICE

To

The Members,

NOTICE is hereby given that the Thirty-eighth Annual General Meeting of the Members of the Company will be held at 2.30 p.m. on Friday, September 23, 2005 at Dr. B.R. Ambedkar Bhavan, Millers Road, Vasanthnagar, Bangalore - 560 052 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at March 31, 2005 and the Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and the Statutory Auditors.
2. To appoint a Director in place of Mr. Mani Narayanswami, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Padam Chand Jain, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors and in this connection, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:

RESOLVED THAT M/s. K. P. Rao & Company, Chartered Accountants, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, on a remuneration of such sum as may be fixed by the Board of Directors, in addition to reimbursement of travel and out-of-pocket expenses incurred by them for the purpose of Audit of the Company's Accounts.

5. To appoint Mr. Deepak Anand as Managing Director and in this connection, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:

RESOLVED THAT the appointment of Mr. Deepak Anand as Managing Director as per Article 133 of the Articles of Association of the Company for a period of five years or a part thereof from April 27, 2005, be and is hereby approved subject to the following:

- a) Provisions of Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956, read with the Schedule XIII thereto [as amended by Notification No. GSR 48 [E] dated February 1, 1994] and all guidelines for managerial remuneration issued by the Central Government from time to time;
- b) subject to approval of the shareholders at the next Annual General Meeting; and
- c) such other approvals as may be necessary.

RESOLVED THAT the Board of Directors be and is hereby authorized to revise, from time to time, the

terms of the appointment as to remuneration within the limits provided under Schedule XIII as amended from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution.

SPECIAL BUSINESS:

6. To consider, and if thought fit, to pass, with or without modification, the following as an **Ordinary Resolution**:

RESOLVED THAT the consent of the Company be and is hereby accorded under the provisions of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging and / or hypothecating by the Board of Directors of the Company in favour of UTI Bank Limited / ICICI Bank Limited or any other Bank, of all the immovable and movable properties of the Company wheresoever situate, present and future, and the whole or substantially the whole of the undertaking of the Company as may be agreed to between the Board of Directors and the UTI Bank Limited / ICICI Bank Limited or any other Bank to secure the loans borrowed from the UTI Bank Limited/ ICICI Bank Limited or any other Bank within the ceilings laid down under Section 293(1) (d) of the Companies Act, 1956 and conferring power to enter upon and take possession of the assets of the Company in certain events, to or in favour of the UTI Bank Limited / ICICI Bank Limited or any other Bank together with interest at the respective agreed rates, compound / additional interest, commitment charges, premium on prepayment or on redemption, costs, charges, expenses and all other monies payable by the Company in terms of respective Loan agreements/ heads of agreements / Letters of Sanction / Memorandum of terms and conditions or any other Agreements as may be entered into / to be entered into by the Company, in respect of above loans.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to increase/decrease the amount of loan in respect of UTI Bank Limited/ICICI Bank Limited or any other Bank.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized for creating aforesaid mortgage and / or create charge (s) and/or hypothecation/create second charge in such manner and in such form upon movable and immovable assets of the Company, both present and future and the whole or substantially the whole of the undertaking of the Company together with power to takeover the management of the business and concern of the Company in certain events, in favour



of UTI Bank Limited / ICICI Bank Limited or any other Bank, working capital limits or any other kind of financial assistance as may be deemed necessary, desirable and in the best interest of the Company from time to time and to do all such acts, deeds, matters and things as may be necessary or expedient for giving effect to the resolution.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to finalize the documents and such other agreements for creation of charge as aforesaid and to do all such acts, deeds, matters and things as may be necessary or expedient for giving effect to the above resolution.

7. To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**.

RESOLVED THAT Article 98(b) of the Articles of Association of the Company be and is hereby deleted.

By order of the Board

Bangalore
September 1, 2005

S. Kannan
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An explanatory statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 21-09-2005 to 23-09-2005 [both days inclusive].
4. Shareholders seeking any information with regard to accounts are requested to write to the Company at an early date to enable the Management to keep the information ready.
5. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting. The members are requested to:
 - a) consider dematerialising the equity shares held by them;
 - b) check the address printed on the cover of the Annual Report for any discrepancy in the address. If there is any change, members are requested to communicate the correct address including pin code to the Company/depository participant.
 - c) quote ledger folio no/DP identity and Client Identity No. in all their correspondence.
 - d) approach the Company for consolidation of folios, if physical shareholdings are under multiple folios;
 - e) get the shares transferred in joint names, if shares are held in single name to avoid inconvenience;
 - f) bring their copy of the Annual Report and the Attendance slip duly filled-in with them at the AGM;
 - g) send to the Company duly filled-in form for appointment of nominee for the shares held. The prescribed form for appointment of nominee will be made available on request.

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

[Pursuant to Clause 49 of the Listing Agreement]

Name of the Director	Deepak Anand	Mani Narayanswami	Padam Chand Jain
Date of Birth	29-08-1949	07-05-1931	03-11-1947
Date of Appointment	27-04-2005	23-12-1996	03-05-2001
Expertise in specific functional areas	A senior executive of the UB Group. He has over 32 years Senior managerial and management consultancy experience in India and Overseas with large companies. He was President of UB Global Corporation Ltd. from 1994 to 2005.	Senior retired bureaucrat of the Govt. of Karnataka - has held important portfolios both with State as well as Central Governments.	He has over 33 years experience. He is presently working as Director - Works and is the head of the Plant at Mangalore.
Qualifications	Honours Graduate in Economics from Delhi University and a Fellow of the Institute of Chartered Accountants of India	Indian Administrative Service [I.A.S.] (Retd.)	Post Graduate Degree in Mechanical Engineering.
Directorship in other Public Limited Companies	UB Global Corporation Ltd. UB Electronic Instruments Ltd. UB General Investments Ltd. [Formerly United Breweries Holdings Ltd.] UB - Information & Consultancy Services Ltd. UB International Trading Ltd. UB - AMS Medical Systems [India] Ltd.	United Breweries Holdings Ltd. Shaw Wallace Ltd.	-
Membership of Committees in other Public Limited Companies	Chairman - Remuneration Committee - UB Global Corporation Ltd. Chairman - Audit Committee - UB General Investments Ltd. Member - Audit Committee - UB Global Corporation Ltd.	Chairman: Shareholders'/ Investors' Grievance Committee - United Breweries Holdings Ltd. Member - Audit Committee - United Breweries Holdings Ltd.	-



EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

RESOLUTION AT ITEM No. 5:

UB Group withdrew the nomination of Mr. Daraius P. Mehta and seconded Mr. Deepak Anand in his place. The Board of Directors at its meeting held on 27-4-2005 had approved the appointment of Mr. Deepak Anand as Managing Director with effect from 27-4-2005 subject to ratification of the shareholders.

Mr. Deepak Anand, aged 55 years, is an Honours Graduate in Economics and a Fellow of the Institute of Chartered Accountants of India. He has over 30 years senior managerial experience in India and Overseas with large companies.

He commenced his career in the Management Consultancy Division of A. F. Ferguson & Co. [AFF] the then largest firm of chartered accountants and management consultants in India. During his 15 years with AFF, he rose to become a Director in the Firm and directed assignments in India, Tanzania, Malaysia and the Middle East.

Mr. Deepak Anand joined the UB Group in 1988, held various senior management positions and moved to UB Global Corporation Limited on its incorporation in 1994 and was faced with the myriad challenges of this new Company. Consequent to the collapse of USSR, UB Global had to reinvent itself and Mr. Deepak Anand played a pivotal role in designing the strategy. Besides focusing on core business of alcoholic beverages, a new portfolio of businesses such as leather shoes, medical disposables and agarbatis emerged.

Under Mr. Deepak Anand's leadership, the portfolio of products of UB Global has grown significantly and there has been a shift from traditional commodities to the value added brands and manufactured products. UB Global has become a recognized name for quality and delivery in the international markets in which it operates. It was during his tenure that UB Global saw its exports of beverage alcohol crossing the one million cases mark. The turnover of the company went up sizably from Rs. 24 crores in 1994-95 to Rs. 130 crores in 2004-05.

He will be governed by the terms and conditions of his appointment by UB Group and will draw a token salary of Re. 1/- per month from the Company.

The appointment will be subject to termination by 3 months notice in writing by either side.

The explanatory statement together with the accompanying notice may be regarded as an abstract required to be sent to the members of the Company under Section 302(2) of the Companies Act, 1956.

Save and except Mr. Deepak Anand, Dr. Vijay Mallia, Mr. S. R. Gupte, Mr. Mani Narayanswami, none of the Directors of the Company are, in any way, concerned or interested in the resolution.

RESOLUTION AT ITEM No. 6 :

Company has been availing Cash Credit [CC]/Working Capital Demand Loan [WC DL] facilities to the extent of Rs. 50 crores from UTI Bank Limited and Rs. 25 from ICICI Bank Limited. Cash flow position often becomes critical in view of inordinate delay in disbursement of Government Subsidy as also poor collections from the market during the off season. In such situations, Company has to resort to short term borrowings from the banks, of course keeping in view the overall ceilings prescribed by Reserve Bank of India [RBI] for total CC/WC DL borrowings.

One of the terms for grant of credit facilities is creation of mortgage and charge on the movable and immovable properties of the Company. Under Section 293 (1)(a) of the Companies Act, 1956, provides inter alia, that the Board of Directors of a Public Company shall not, without the consent of such Public Company in general meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company where the company owns more than one undertaking, of the whole or substantially the whole, of any such undertaking. Since the mortgage by the company of its immovable and movable properties as aforesaid in favour of the UTI Bank Limited/ICICI Bank Limited or any other Bank may be regarded as disposal of the Company's properties/undertakings, it is necessary for the members to pass a resolution under this provision before creation of mortgage and charge.

None of the Directors of the Company are, in any way, concerned or interested in the Resolution.

RESOLUTION AT ITEM No. 7 :

Article 98(b) of the Articles of Association of the Company provides for nomination of two Directors from GOK. This was incorporated in the Articles at the time of UB took over in September, 1990. The shareholding of GOK has come down sizably. The Company, however, owes Rs. 28.32 crores to the GOK. In accordance with Clause-49 of the Listing Agreement which will come into effect from 1-1-2006, the Board should have 50% to be Independent Directors and the nominees of Government as well as Promoters will not be considered as Independent Directors.

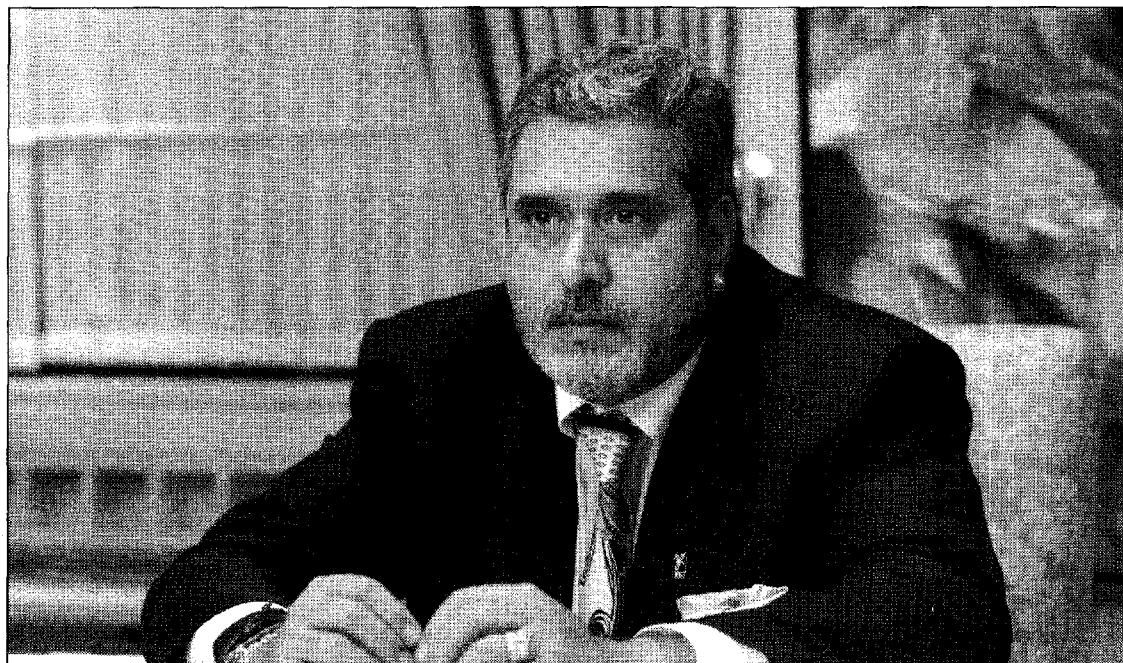
The present provision will be a constraint in the reconstitution of the Board of Directors. It is, therefore, proposed to delete this article. However, there is a general provision in the Articles providing for nominees by lending agencies.

None of the Directors of the Company except Mr. C.R. Chikkamath and Mr. I.M. Vittala Murthy, are, in any way, concerned or interested in the Resolution.

By order of the Board

S. Kannan
Company Secretary

Bangalore
September 1, 2005



DIRECTORS' REPORT

The Directors are pleased to present your Company's thirty-eighth Annual Report together with the audited statement of accounts for the year ended March 31, 2005.

CORPORATE RESULTS

The Financial highlights for the year under review are given below:

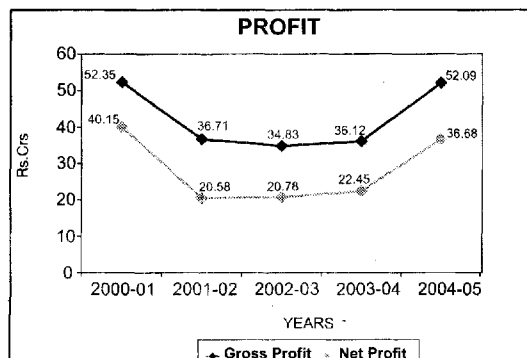
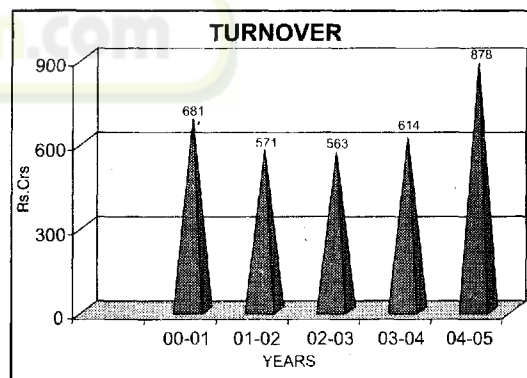
	2004-05	(Rs. Crores) 2003-04
Turnover	878.02	614.21
Operating Profit	52.09	36.12
Interest	4.33	3.03
Depreciation	11.08	10.64
Profit before Tax	36.68	22.45
Net Worth	* 316.25	* 296.65

* Includes revaluation Reserve of Rs. 99.92 crores and Rs. 102.64 crores respectively.

No dividend is recommended in view of the need to plough back the funds generated internally for the continuous revamp of the plant to ensure consistent and reliable levels of production.

PROFITABILITY

The Company has achieved a turnover of Rs. 878 crores, up by 43% while compared to last year turnover of Rs. 614 crores. The net profit before tax at Rs. 36.68 crores was 63% higher than that of last year.

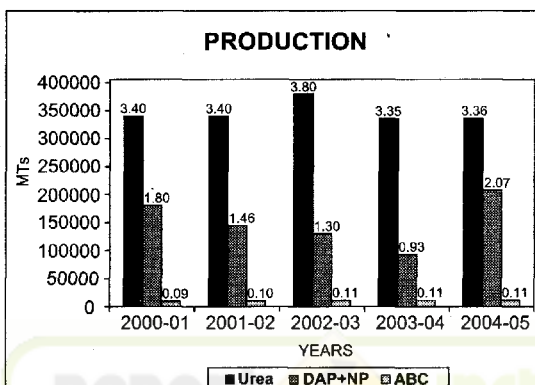


PRODUCTION

Your Company has registered a total production of 3,35,785 MT of Urea, 2,06,867 MT of Complex Fertilizers [DAP/NP] and 11,246 Tonnes of Ammonium Bi-Carbonate [ABC]. The capacity utilization of Urea and DAP was 88.4% and 94% respectively.

46 days production of Urea i.e. around 44,000 MT was lost due to failure of equipment such as UPS System, Syn Gas Compress Motor and HP Scrubber.

Record production of DAP and complex fertilizers at 206, 867 MT was achieved. The DAP production could



have been higher but for the inadequate availability of phosphoric acid and imported ammonia.

Capacity utilization of ABC was lower due to non-availability of CO₂ from the Ammonia Plant. 280 stream days were only available for ABC production.

FINANCIAL

Working capital management during the last quarter of the financial year was extremely critical consequent to inordinate delay in disbursement of monthly concession claims and quarterly escalation claims by the Government of India. It was, however, effectively managed with additional short term credit from the bankers, and extended credit from the major Raw Materials suppliers, IOCL and OCP, Morocco.

SALES

During the year under review, the sale of your Company's products has gone up by 22% compared to last year. A record sale of ABC of 11277 MTs has been achieved during the year.

Your Company is planning to introduce value added soil and crop specific new grades of granulated fertilizers, speciality fertilizers, micro nutrients and organic manures to the existing product basket.

FERTILIZER POLICY

The uncertainty of the fertilizer policy is continuing to have serious impact on the industry. A Working Group has been constituted to review the effectiveness of the policy

implemented upto March 31, 2006 and also to formulate a policy of Urea units for Stage III commencing from April 1, 2006. This Committee is also to go into the issues relating to formulation of feedstock policy and fixing milestones for conversion to LNG.

Production of phosphatics has suffered due to delay in the finalisation of the prices of phosphoric acid for the current year.

Further details are explained in the chapter on Management's Discussion & Analysis forming part of the Directors' Report.

HUMAN RESOURCE MANAGEMENT

Your Company has carried out a major restructuring exercise in line with the "best practice" followed in process industries worldwide. Your Company is also incorporating the latest techniques like Balanced Scorecard into our Management systems to enable the Company to improve organizational performance.

Your Company has recently initiated a programme on personal change covering all employees as Company firmly believes that only responsible and self motivated employees will enable the Company to meet the challenges of the future.

The total strength of regular employees at the end of the year was 823.

PERSONNEL INFORMATION

Information as required under Section 217 (2A) of the Companies Act, 1956 and the rules made there under may be taken as 'nil'.

INDUSTRIAL RELATIONS

During the year under review, your Company has entered into wage settlements with the regular workmen and some sections of the Contract workmen. However, the contract workmen engaged in Urea and DAP loading operations continued to disrupt the dispatches by unjustifiable agitation involving mass absenteeism, inflexibility, work to rule and other acts of indiscipline. The contractor was left with no option but to close his establishment and terminate the contract with MCF. He terminated the services of his workmen and paid the dues as per Act. The loading operations are now being handled by less number of casual workers engaged by the Company. Operations are smooth and effective.

SOCIAL WELFARE

During the year under review, as many as 1,38,154 farmers have been covered under 'Mangala Rytha Suraksha Vima Yojane' against accidental death. Enrolment of new beneficiaries is continuing.

Your Company had conducted education oriented programmes like Demonstration, field day/visit, training programmes, A. V. Van campaign, Crop seminar exhibitions



etc., on balanced use of Fertilizers. To strengthen the **Mangala brand** image, advertisements were carried through radio, television, news letters etc.

Between March 21 to 27, 2005, around 400 dealers from our territory of operations were invited to our Plant at Mangalore under **Dealers factory darshan cum award** programme. 123 dealers were felicitated for their excellent performance during preceding two years.

Your Company continued community development programmes such as drinking water, sanitation systems, providing hygienic cooking range and steel utensils, books, computers & Furnitures to schools, extended sanitation systems to backward villages etc. More than 2500 farmers and their families have benefited so far.

SAFETY, ENVIRONMENT AND POLLUTION CONTROL

As an ISO 14001 certified Company, many Environmental Management programmes have been implemented to improve the Environmental performance. The Company has initiated the process of obtaining Occupational Health & Safety certification OHSAS-18001 as part of its commitment to continual improvement.

Your Company has conducted extensive training programmes including rescue operations, personal protective equipment and fire extinguisher usage to all employees. Contract workers are given basic safety training. Regular mock drills were conducted in line with on-site emergency plan. Also organized Off site Mock drill in co-ordination with District Crisis Group. Public awareness programmes were conducted to educate neighbouring populace.

Your Company had taken up community development programmes such as health check up camps in neighbouring villages.

During the year, the Company maintained Zero liquid effluent discharge by recycling the entire quantity of treated effluent for process use and irrigation of the green belt within the factory premises.

Your Company has implemented new cooling water treatment system requiring only one fourth of normal chlorine consumption and thus reducing the hazard associated with storage and handling of chlorine.

During the year under review, your Company has installed a Dust Scrubber and Recycle system in Ammonium Bicarbonate Plant which has resulted in reduction in dust emissions thereby achieving better workplace environment and higher production.

Your Company has also installed and commissioned an incinerator for facilitating burning of combustible wastes in a scientific manner.

Health check up of all the employees was carried out regularly to assess their fitness for work. In addition, special medical examinations were conducted depending on the

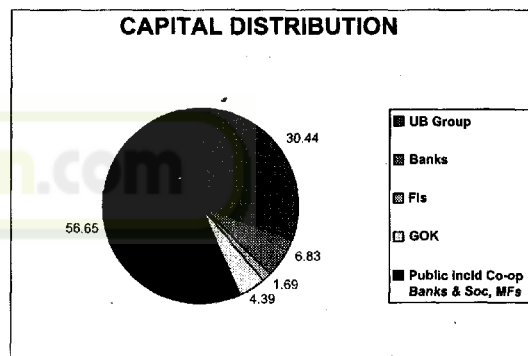
job environment to ensure no incidence of occupational disease.

DIVERSIFICATION

Further studies on the viability of the met coke project had established that it may not be prudent to go ahead with the met coke project in view of highly volatile prices of coal and coke and the need for huge funds for continuous revamp of the fertilizer plant and conversion to LNG. Other projects closely linked to fertilizers are being planned. A sulphuric acid project at a cost of Rs. 12 crores is under construction to ensure steady supply of acid at competitive cost for production of phosphatic fertilizers.

CAPITAL MARKETS

Your Company has dematerialized 87.87% of the equity shares being held in the electronic mode with NSDL and CDSL.



Your Company's shares are listed on the Bangalore Stock Exchange and The Stock Exchange, Mumbai. All the regulations are fully complied with.

SEBI had rationalized the existing charge structure and provided that no investor shall be required to pay any charge towards opening of a Beneficiary Owner Account with effect from 01-04-2005. However, the depositories are to collect the same from the Issuers, on a per folio [ISIN position] basis as at the end of the financial year. Accordingly, your Company has paid the annual custody fee.

DELISTING OF SHARES

In accordance with the approval of the shareholders, the Company has got its equity shares delisted from Mangalore Stock Exchange effective from June 6, 2005.

INSIDER TRADING

Your Company has also adopted a Code of Conduct for Prevention of Insider Trading in the shares of the Company, pursuant to the SEBI Regulations and a separate body set up to monitor the compliance as required.