



ANNUAL REPORT 2011 - 2012





Dr. Vijay Mallya
Chairman

| | | |
|--|---|---|
| Directors | : | Dr. Vijay Mallya, Chairman Deepak Anand, Managing Director S. R. Gupte, Director B. S. Patil, I.A.S. (Retd.), Independent Director Pratap Narayan, Independent Director Shrikant G.Ruparel, Independent Director N. Sunder Rajan, Independent Director K. Prabhakar Rao, Whole-time Director |
| Senior Vice President (Finance) & Company Secretary | : | K. Raghuveeran |
| Bankers | : | Axis Bank Limited State Bank of India Corporation Bank |
| Auditors | : | K. P. Rao & Company, Bangalore |
| Cost Auditor | : | P. R. Tantri, Bangalore |
| Registered Office | : | Level 11, UB Tower, UB City 24, Vittal Mallya Road Bangalore – 560 001 Tel. No. 080-3985 5500 / 3985 6000 Fax No. 080-3985 5588 email : shares@mangalorechemicals.com |
| Works | : | Panambur, Mangalore – 575 010 Tel. No. 0824-2220 600 Fax No. 0824-2407 938 |
| Share Transfer Agent | : | Cameo Corporate Services Limited 'Subramanian Building' 1, Club House Road, Chennai – 600 002 Tel.No.044-2846 0390, Fax No.044-2846 0129 e-mail: cameo@cameoindia.com |

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TEN YEAR RECORD

(₹ in Crores)

| | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 | 2005-06 | 2004-05 | 2003-04 | 2002-03 |
|--|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Profit and Loss Account | | | | | | | | | | |
| Sales | 3707.17 | 2,520.46 | 2,075.64 | 2,469.62 | 1,655.94 | 1,371.05 | 1,082.32 | 878.02 | 614.21 | 562.79 |
| Other Income | 12.95 | 3.36 | 6.09 | 14.42 | 9.09 | 3.44 | 3.81 | 9.74 | 5.47 | 6.55 |
| Interest | 77.16 | 18.59 | 23.44 | 36.00 | 15.43 | 16.34 | 6.72 | 4.33 | 3.03 | 3.80 |
| Depreciation | 29.10 | 28.88 | 18.37 | 16.96 | 15.91 | 15.22 | 11.35 | 11.08 | 10.64 | 10.25 |
| Profit before Tax | 102.47 | 111.60 | 84.53 | 43.26 | 58.34 | 41.97 | 38.66 | 36.68 | 22.45 | 20.78 |
| Balance Sheet | | | | | | | | | | |
| Net Fixed Assets | 491.88 | 391.17 | 385.27 | 336.51 | 324.60 | 307.43 | 299.16 | 250.71 | 255.89 | 256.78 |
| Investments | - | - | 0.05 | 0.05 | 0.05 | 0.05 | - | - | - | - |
| Net Current Assets | 1387.17 | 315.86 | 181.75 | 486.45 | 465.06 | 303.98 | 278.13 | 196.41 | 117.53 | 121.77 |
| Total | 1,879.05 | 707.03 | 567.07 | 823.01 | 789.71 | 611.46 | 577.29 | 447.12 | 373.42 | 378.55 |
| Share Capital | 118.55 | 118.55 | 118.55 | 118.55 | 118.55 | 118.55 | 118.55 | 118.55 | 118.55 | 118.55 |
| Reserves & Surplus | 416.94 | 366.55 | 311.06 | 270.65 | 254.25 | 228.87 | 212.07 | 197.70 | 178.10 | 167.33 |
| Loan Funds | 1304.77 | 184.16 | 98.16 | 396.79 | 380.01 | 228.43 | 213.69 | 101.50 | 48.27 | 68.02 |
| Deferred Tax Liability | 38.79 | 37.77 | 39.30 | 37.02 | 36.90 | 35.61 | 32.98 | 29.37 | 28.50 | 24.65 |
| Total | 1,879.05 | 707.03 | 567.07 | 823.01 | 789.71 | 611.46 | 577.29 | 447.12 | 373.42 | 378.55 |
| Return on Average Capital Employed [%] | 21.52* | 29.30* | 25.37* | 14.08* | 18.52* | 13.53* | 13.40* | 15.68* | 10.42* | 9.28* |
| Operating Profit to Sales [%] | 5.28 | 6.18 | 5.79 | 3.31 | 4.87 | 5.11 | 4.89 | 4.82 | 4.99 | 5.03 |

* Capital employed is excluding revaluation reserve

NOTICE

To

The Members,

NOTICE is hereby given that the Forty Fifth Annual General Meeting of the Members of the Company will be held at 4.45 P.M. on Tuesday, September 25, 2012, at Good Shepherd Auditorium, opposite St. Joseph's Pre-University College, Field Marshal K.M. Cariappa Road (Residency Road), Bangalore – 560 025, to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at March 31, 2012, 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 declare a dividend.
3. To appoint a Director in place of Mr. Shrikant G. Ruparel, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Pratap Narayan, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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 (Registration Number 003135S), be and are hereby appointed as Auditors of the Company to hold office from the conclusion of the Forty Fifth Annual General Meeting until the conclusion of the Forty Sixth Annual General Meeting, on a remuneration of such sum as may be fixed by the Board of Directors."

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the relevant provisions contained in the Articles of Association of the Company, as also, Sections 198, 269, 309, 310, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (the Act), consent of the members be and is hereby accorded for the re-appointment of Mr. Deepak Anand, as Managing Director of the Company for a further period upto September 30, 2012 or till the date he continues to be the nominee of the UB Group on the Board of the Company, whichever is earlier, on a token salary of ₹ 1/- per month."

"RESOLVED FURTHER THAT as the Managing Director, Mr. Deepak Anand be entrusted with substantial powers of management and shall be responsible for the general conduct and management of the business and affairs of the Company, subject to the superintendence, control and direction of the Board of Directors of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

By the Order of the Board

Place : Mumbai
Date : August 10, 2012

K. Raghuvveeran
Senior Vice President (Finance) & Company Secretary

NOTES

1. **A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy need not be a member.**
2. The Register of Members of the Company will remain closed from September 21, 2012 to September 25, 2012 (both days inclusive) for the purpose of determination of members who are entitled to receive the dividend for the financial year 2011- 12.
3. Dividend as recommended by the Directors for the financial year ended March 31, 2012, if declared, will be payable to those members holding shares in physical form whose names appear in the Register of Members of the Company, as at the close of business hours of September 20, 2012 and in respect of members holding shares in demat form, as per the list of beneficial owners furnished by NSDL and CDSL.
4. Pursuant to Section 109A of the Companies Act, 1956, members holding shares in demat form may file nomination in the prescribed Form 2B (in duplicate) with their Depository Participant and in respect of shares held in physical form, such nomination may be filed with the Company's Registrar and Share Transfer Agent.
5. Members should address all correspondence to the Company's Registrar and Share Transfer Agent at the following address quoting their Registered Folio Number or Demat Account Number & Depository Participant (DP) ID Number.

Cameo Corporate Services Limited
'Subramanian Building' 1, Club House Road, Chennai – 600 002
Phone: 91-44-2846 0390 to 94 Fax : 91-44-2846 0129 e-mail: cameo@cameoindia.com

6. The equity shares of the Company are mandated by the Securities and Exchange Board of India for compulsory trading in demat form by all investors. The Company's shares have been admitted into both the depositories viz. National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL]. The ISIN allotted to the Company's equity shares is INE558B01017.
7. Members holding shares in physical form are requested to notify any change in their addresses, mandates/bank details immediately to the Company's Registrar and Share Transfer Agent, Cameo Corporate Services Limited, Chennai.
8. Members holding shares in electronic mode are requested to intimate all changes pertaining to their bank details to their Depository Participant in order to arrange the dividend payment by NECS / ECS or through warrant by printing the bank details, as the case may be.
9. Members / Proxy holders are requested to produce the enclosed admission slip duly completed and signed at the entrance of the meeting venue.

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

Resolution at Item No. 6

Mr. Deepak Anand was appointed as the Managing Director of the Company for a period of five years with effect from April 27, 2005 by the members of the Company at the Annual General Meeting held on 23.9.2005.

Thereafter, Mr. Deepak Anand was reappointed as the Managing Director of the Company for a further period of two years from April 27, 2010 or the date of his superannuation from the UB Group, whichever is earlier, by the members of the Company at the Annual General Meeting held on 29.9.2010.

The Board of Directors approved, subject to the approval of the members of the Company, the reappointment of Mr. Deepak Anand, as the Managing Director of the Company for a further period upto September 30, 2012 or till the date he continues to be the nominee of the UB Group on the Board of the Company, whichever is earlier, on a token salary of ₹ 1/- per month.

The re-appointment of Mr. Deepak Anand is in terms of the relevant provisions contained in the Articles of Association of the Company, as also, Sections 198, 269, 309, 310, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956.

The resolutions are accordingly recommended for the approval of the members.

Mr. Deepak Anand is concerned and interested in the matter.

By the Order of the Board

Place : Mumbai
Date : August 10, 2012

K. Raghuveeran
Senior Vice President (Finance) & Company Secretary

To the Members,

Abstract under Section 302 of the Companies Act, 1956

The members of the Company at the Annual General Meeting held on September 28, 2007 approved the appointment of Mr. K Prabhakar Rao, as a whole-time Director of the Company for a period of five years from October 27, 2006 and the terms and conditions of his remuneration. The members at the said Annual General Meeting also authorized the Board of Directors of the Company to revise the remuneration payable to Mr. K Prabhakar Rao from time to time, subject to the limits prescribed by law including Schedule XIII of the Companies Act, 1956.

Pursuant to such authorization, the Board of Directors of the Company, have, from time to time approved the revision in remuneration of Mr. K Prabhakar Rao.

Thereafter, Mr. K Prabhakar Rao was reappointed as a whole-time Director of the Company for a further period of five years from October 27, 2011 by the members of the Company at the Annual General Meeting held on September 28, 2011.

The Board at their meeting held on August 10, 2012 have approved the revision in Basic Salary of Mr. K Prabhakar Rao from ₹ 1,30,000 to ₹ 1,50,000 Per Month and Personal Allowance from ₹ 87,000 to ₹ 93,792 per month with effect from July 1, 2012.

In addition to the above, Mr. K Prabhakar Rao will be entitled to perquisites that are relatable to Basic Salary and other benefits as applicable to the Senior Executives of the Company.

All other terms and conditions contained in agreements entered into between the Company and Mr. K Prabhakar Rao, remain unchanged.

The remuneration payable to Mr. K Prabhakar Rao, shall be subject to Sections 198, 269, 309, 310 & Schedule XIII of the Companies Act, 1956 or any other statutory modifications or re-enactments thereof.

Mr. K Prabhakar Rao is concerned and interested in the matter.

By the Order of the Board

Place : Mumbai
Date : August 10, 2012

K. Raghuveeran
Senior Vice President (Finance) & Company Secretary

**Details of Directors seeking appointment/re-appointment at the forty fifth Annual General Meeting
(Pursuant to Clause 49 of the Listing Agreement)**

| Name of the Director | Shrikant G. Ruparel | Pratap Narayan | Deepak Anand |
|--|--|---|---|
| Date of Birth | 31.12.1940 | 11.05.1935 | 29.08.1949 |
| Date of Appointment | 26.10.2005 | 31.01.2002 | 27.04.2005 |
| Brief resume / Expertise in specific functional areas | <p>Mr. Shrikant G Ruparel was the Managing Director of Kolhapur Sugar Mills between 1971 and 1981. He was also on the board of State Bank of India for 18 years. He held Chairmanships of various companies and councils including Indo-US joint Business Council, Indo-France joint Business Council and Indo-Swedish Business School.</p> <p>Mr. Ruparel is also on the Advisory Board of Stanford Research Institute and holds important positions in various other educational centres.</p> | <p>Mr. Pratap Narayan started his career in the Sales Tax Department of Madhya Pradesh. He worked in Indian Railways in various capacities before taking over as Deputy Director and Joint Director – Planning in Railway Board. He has travelled extensively in connection with various international projects.</p> <p>He was the first Executive Director of Fertilizer Industry Co-ordination Committee. Thereafter worked for about a year as CMD, HFC and retired as a Director General of the Fertilizer Association of India.</p> <p>Mr. Narayan has taken up various international assignments and was member of various committees appointed by the Government on policy issues such as Gokak Committee, to review pricing of phosphates and energy consumption norms under Stage II of new pricing scheme for Indian Urea Industry etc.</p> <p>Mr. Narayan has also presented papers on Policy issues and has co-authored a book with Dr. H. L. S. Tandon on Indian Agriculture, past, present and future.</p> | <p>Mr. Deepak Anand, is an Honours in Economics from Delhi University and a Fellow of the Institute of Chartered Accountants of India. He has over 35 years senior managerial experience in India and Overseas with large companies.</p> <p>He started 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 (1973-1988) with AFF, he rose to the position of Director and had under him assignments in India, Tanzania, Malaysia, and the Middle East. He was responsible for opening the Dubai office of the Firm and was based in Dubai for 6 years.</p> <p>Mr. Anand joined the UB Group in 1988 as Senior Vice President, Corporate Planning and Coordination. During his tenure in the Group, he held various senior management positions. He moved to UB Global Corporation Ltd (UBGCL) in 1994 and played a pivotal role in its becoming the largest exporter of Alcoholic Beverages from India in 1996, which position it continues to retain till date.</p> <p>Mr. Deepak Anand was deputed by UB Group as Managing Director of Mangalore Chemicals & Fertilizers Ltd. (MCF) in April 2005. Under his leadership, several new initiatives were undertaken resulting in MCF growing rapidly.</p> |
| Qualification | M.A., M.Sc. (London) | M. Sc. (Zoology), IRTS (Retd.) | Fellow of the Institute of Chartered Accountants of India |
| Directorship in other Public Limited Companies | 1. UB (Holdings) Ltd. 2. McDowell Holdings Ltd. 3. Pioneer Distillers Ltd. | Nil | UB Electronic Instruments Ltd. |
| Membership of Committees in other Public Limited Companies | <p>Member :</p> <p>Audit Committees of</p> <p>1. UB (Holdings) Ltd. 2. McDowell Holdings Ltd. 3. Pioneer Distillers Ltd.</p> <p>Shareholders/Investors' Grievance Committees of</p> <p>UB (Holdings) Ltd.</p> | Nil | Nil |
| Shareholding in the Company (Equity Shares of ₹10/- each) | Nil | Nil | Nil |

Note: None of the Directors is related to the other

DIRECTORS' REPORT

The Directors are pleased to present your Company's Forty Fifth Annual Report together with the audited statement of accounts for the year ended March 31, 2012.

FINANCIAL HIGHLIGHTS

| | (₹ Crores) | |
|--------------------------------|------------|---------|
| | 2011-12 | 2010-11 |
| Sales (including other income) | 3720.13 | 2523.83 |
| EBITDA | 208.73 | 159.06 |
| Interest | 77.16 | 18.58 |
| Depreciation | 29.10 | 28.88 |
| Profit before Tax | 102.47 | 111.60 |
| Provision for Tax | 33.37 | 34.06 |
| Profit after Tax | 69.10 | 77.54 |
| Net Worth* | 535.49 | 485.10 |

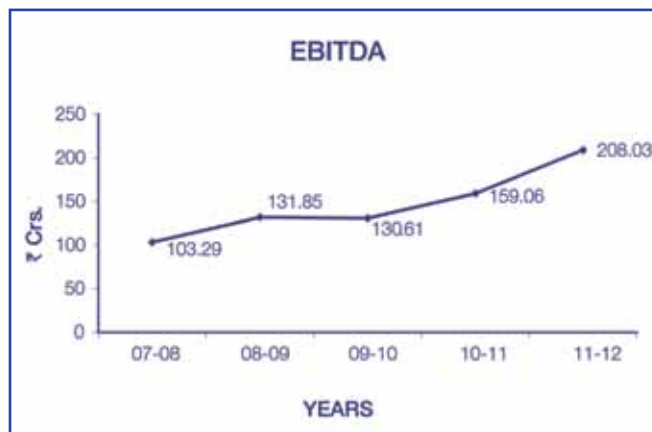
* includes Revaluation Reserve of ₹ 83.93 Crores and ₹ 86.12 Crores respectively.

DIVIDEND

The Board of Directors recommended a dividend of ₹ 1.20 per equity share of ₹ 10/- each.

PERFORMANCE

During 2011-12, your Company achieved the highest ever turnover of ₹ 3707.17 Crores compared to ₹ 2520.46 Crores in the previous year, registering a growth of 47.08%. For the third consecutive year your Company sold over a Million Metric Tonnes of fertilizers. However, the PBT at ₹ 102.47 Crores was lower compared to ₹ 111.60 Crores during the previous year. Profitability was adversely affected by an abnormal increase in interest on working capital and lower production of phosphatics due to non-availability of imported Phosphoric Acid.



PRODUCTION

Urea

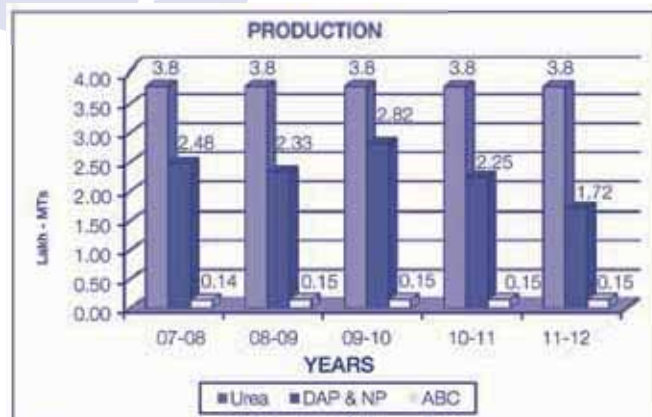
Your Company achieved production of the full re-assessed capacity of 3,79,500 MTs.

Di-Ammonium Phosphate (DAP) and Complex Fertilisers

Your Company produced 1,72,276 MTs of Phosphatic Fertilizers during the year compared to 2,23,552 MTs in the previous year. The lower production was on account of erratic and inadequate supplies of phosphoric acid.

Ammonium Bi-carbonate (ABC)

Production of ABC was 15,893 MTs during the year compared to 15,330 MTs in the previous year.



SALES

During the year, your Company sold 3,79,546 MTs of Urea compared to 3,79,442 MTs in the previous year. Sales of manufactured Phosphatic Fertilizers were 1,74,240 MTs compared to 2,24,938 MTs in the previous year. Sales of imported products registered significant growth, with imported Phosphatics at 3,69,181 MTs as against 2,07,320 MTs in the previous year. Sales of Muriate of Potash increased to 91,176 MTs compared to 88,052 MTs in the previous year.

SULPHONATED NAPHTHALENE FORMALDEHYDE (SNF)

As a step towards diversification from the fertilizer sector to Chemicals Production/Trading, your Company had identified Sulphonated Naphthalene Formaldehyde. Accordingly, a state-of-the-art plant was set up in August 2010, which can be expanded on a modular basis to take care of increased demand. You will be happy to note that the Company sold 10,946 MTs of SNF during the year, compared to 4,406 MTs in the previous year. The prime application for SNF is in the manufacture of super plasticizer used in construction chemical industry. For increased market share, new variants are being developed for different applications for specific customer needs. In addition, new customers are being identified and added for greater capacity utilisation. The liquid and powder forms of SNF have been well received in the market and have created a brand name for excellent quality.

PLANT NUTRITION PRODUCTS

In order to retain/improve soil productivity and derive increased output from the same area of land, it is necessary to maintain soil health and correct imbalances in the nutrients essential for plant growth. However the country continues to face a serious problem of deterioration in soil productivity, due to indiscriminate and unbalanced use of NPK fertilizers, inadequate use of other nutrients essential for plant growth and injudicious use of irrigation water. Disproportionate increase in the farm gate prices of Phosphatics and Potash, compared to Urea has further aggravated this problem. In order to arrest and correct this deterioration of soil condition, your Company has introduced crop specific grades of nutrient mixtures and soil conditioners.

To address the nutrient deficiencies noticed in the soil resulting in inadequate output or crop failure in the areas serviced by our Marketing network, our R&D unit at Hassan has been developing nutrient mixtures and soil conditioners to mitigate crop specific issues. These products, in addition to alleviating nutrient deficiencies and improving tolerance to crop specific diseases also lead to better quality and higher productivity. The response from the crop growers on the effectiveness of these products has been very positive and there is a growing demand for development of similar products for other crops.

In order to encourage scientific application of fertilizers and plant nutrients, your Company has been trying to introduce these concepts at the grass roots level. To actively focus attention of all concerned on the specifics involved therein, your Company successfully introduced two unique concepts viz., Mangala Mitra and Mangala Saathi in the previous year. Under Mangala Mitra, opinion leaders in the villages were identified, enrolled, educated and trained on a continual basis on the whole gamut of soil management, crop nutrition and crop protection. These Mangala Mitras in turn educate fellow farmers on various aspects of crop cultivation. Through this innovative approach, your Company is effectively implementing the "Mangala INM" concept, an approach to enable the farmer to make his agriculture an economically sustainable one. Under Mangala Saathi, all the good and potentially good dealers are given special attention through many unique programs that encourage and motivate them for better performance. These two approaches have greatly helped promoting nutrient management awareness.

The Mangala INM concept was introduced in 2002-03 where your Company achieved a modest turnover of ₹ 32 lakhs. Concentrated efforts have resulted in a significant increase year on year, with the Company achieving a turnover of ₹ 131 Crores during the year, a growth of 31% over the previous year.

In order to support with timely supply of quality Plant Nutrition products, your Company successfully commissioned a Specialty Fertilizer manufacturing facility in April 2011 with an annual capacity of 12,000 MTs at its factory in Mangalore, to produce Water Soluble Fertilizers and Micronutrient Mixtures.

PLANT PROTECTION CHEMICALS

As part of diversification and growth strategy and in order to offer a wider range of agri inputs, your Company introduced Plant Protection (PP) products in July 2010. As an entry strategy, a collaborative approach was adopted, with your Company marketing the products of reputed pesticide companies through its channel partner network. In the year under review, your Company launched two products in the Mangala brand name, viz., Mangala Mahakill an insecticide and Mangala Samhar, a Herbicide. In the financial year 2012-13, your Company plans to launch 5 more products of selected molecules under its own brand. The Plant Protection Chemicals business registered a turnover of ₹ 22 crores compared to ₹ 12 crores in the previous year.

WORKING CAPITAL

Delay in agreement on the prices of imported fertilizers with the international suppliers and consequent delayed ordering resulted in bunched up imports in the second half of 2011-12. This resulted in heavy congestion at the east coast ports. Non-availability of railway rakes at the same time contributed to material being stuck at the ports for a long period of time. These factors combined by inordinate delay in release of GOI subsidy, nearly 30% increase in interest rates charged by banks and 20% depreciation of INR vs. USD have contributed to the very significant increase in interest cost.

FERTILIZER POLICY

Government of India is yet to announce the new Urea fertilizer policy for grant of concession as well as investments in the sector. Stage – III of the New Pricing Scheme (NPS) for Urea announced by the Government of India in March 2007 lapsed on March 31, 2010. In the interim, as a stop gap arrangement, the existing policy has been extended provisionally until further orders.

With effect from April 1, 2010, the government introduced a Nutrient Based Subsidy (NBS) policy for Phosphatic and Potassic fertilizers, announcing the rate of subsidy in advance for the full year. For 2012-13, this subsidy has been substantially reduced. Coupled with the sharp depreciation of the Indian Rupee, this has led to an abnormal increase in MRPs for these fertilizers.

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

As per the directive of Department of Fertilizers, GOI and as a part of the renovation / modernization programme, the feed and fuel

viz., Naphtha/ Furnace oil will be replaced with Natural Gas (NG) in Ammonia/ Urea plants and captive power plant (CPP).

A Gas Sale Agreement has been entered into with Indian Oil Corporation for supply of RLNG from Kochi Terminal of Petronet LNG Limited and a Gas Transmission Agreement has been signed with Gail (India) Limited. Based on latest indications, supply of gas to Mangalore is expected in the second half of 2013. The location has been identified for gas receiving station of GAIL at our plant premises and work has started thereon.

The Petronet LNG terminal is expected to be commissioned in September 2012 at Kochi. As indicated by Gail (India) Ltd., laying of Gas pipeline from Kochi to Mangalore is likely to be completed in the second half of 2013.

M/s Jacob Engineering, UK have been engaged for the basic engineering study for gas conversion, which has been completed. Detailed Engineering is in progress. Your Company has already procured from Wartsila, Finland, three Dual Feed DG sets. The balance three DG sets and the Ammonia – Urea plant modification are expected to be ready synchronized with gas supply.

SAFETY, HEALTH, ENVIRONMENT AND POLLUTION CONTROL

Safety

The Company has obtained Occupational Health and Safety Management System Certification OHSAS 18001:2007 as a part of its commitment to continual improvement. In addition to the periodic audits carried out under the integrated management system, a statutory safety audit was also carried out by M/s Rams Safety Consultants Chennai.

Extensive training programs including rescue operations, usage of personal protective equipment, emergency management, safe handling of LPG at home, awareness training on near miss incident reporting, S,H&E management system, were organized for employees and regular mock drills were conducted to check the emergency preparedness.

The Company has procured a State-of-art ambulance equipped with all modern facilities for emergency and a Rescue Tool to rescue people from collapsed building. In addition, fire fighting training was imparted periodically to train the employees as well as contractors' workmen.

Your Company received the **"Unnatha Suraksha Puraskara"** for outstanding safety performance and management system, instituted by the National Safety Council, Karnataka Chapter Bangalore.

Health

As in the past, periodic medical examination was conducted for all the employees, including general physical examination and laboratory investigations. Special tests like pulmonary function test for the employees who are exposed to dust and chemicals, audiometry for those exposed to noise and vision test for those who require high visual acuity at workplace were performed periodically. Medical examination

of the canteen workers with increased emphasis on personal hygiene was conducted. Regular inspection of canteen premises and the canteen food was carried out for maintaining hygiene and the quality of the food. First aid training programmes were conducted for employees and contract workers. Health awareness programmes on stress management, back pain-causes & management, diet & nutrition were conducted for the benefit of employees. A free Asthma check-up camp also was organized at MCF Township.

Environment & Pollution Control

As an ISO 14001 certified Company, many environmental management programs have been implemented. Your Company has installed waste water recovery facility to treat, recycle and reuse the entire quantity of sewage and process effluents, thereby achieving **zero liquid effluent discharge**.

Your Company has also implemented rain water harvesting system and sewage treatment plant at its township. The treated sewage water is used for gardening. Continuing with its green initiative, the Company planted an additional 3000 saplings in the green belt area in its factory in Mangalore.

In recognition of these efforts, your Company received the **"Environmental Protection Award for NP/NPK Fertilizer Plants"** instituted by the Fertilizer Association of India for the second consecutive year.

SOCIAL RESPONSIBILITY

Your Company continued to discharge its Social Responsibility in true spirit and has been actively engaged in the up-liftment/ development of the communities in its operating territory. Your Company has formulated a comprehensive Corporate Social Responsibility (CSR) policy under which **Rural Health** and **Rural Education** have been the areas of specific focus.

In line with this philosophy, your Company formulated two schemes viz., **"Project Eye Care"** intended to prevent/eradicate eye related ailments in identified rural areas and **"Mangala Akshara Mitra"** intended to provide basic facilities and infrastructure to rural schools to promote education and to make schooling a pleasant experience. These schemes were extended to rural and remote locations in the Company's operating territory for the benefit of the poor and needy.

During the year, under **"Project Eye Care"** four free eye camps were conducted in collaboration with Justice K. S. Hegde Charitable Hospital at Sacharipete, Vogga, Soorinje and Gundoori villages. Over 1000 people attended these eye camps of which about 100 were recommended surgery, to be carried out free of cost by the hospital and about 650 people received free spectacles from your Company.

Under its **"Mangala Akshara Mitra"** program, the basic infrastructure that is required, but is lacking in identified schools in remote locations, was provided by your Company. Those include, desks, tables, chairs, green boards, racks, cupboards, school bags, lunch plates, water glasses and computers. 34 government primary & higher primary schools located in the districts of Belgaum, Chamaraja Nagara,