

ANNUAL REPORT 2012 - 2013





Dr. Vijay Mallya
Chairman

Directors	:	Dr. Vijay Mallya, Chairman Deepak Anand, Managing Director S. R. Gupte, Director Pratap Narayan, 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)

	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Profit and Loss Statement										
Sales	2,779.59	3,707.17	2,520.46	2,075.64	2,469.62	1,655.94	1,371.05	1,082.32	878.02	614.21
Other Income	10.45	12.95	3.36	6.09	14.42	9.09	3.44	3.81	9.74	5.47
Interest	86.97	77.16	18.59	23.44	36.00	15.43	16.34	6.72	4.33	3.03
Depreciation	29.01	29.10	28.88	18.37	16.96	15.91	15.22	11.35	11.08	10.64
Profit before Tax	69.24	102.47	111.60	84.53	43.26	58.34	41.97	38.66	36.68	22.45
Balance Sheet										
Net Fixed Assets	485.36	491.88	391.17	385.27	336.51	324.60	307.43	299.16	250.71	255.89
Investments	200.00	-	-	0.05	0.05	0.05	0.05	-	-	-
Net Current Assets	1,149.65	1,387.17	315.86	181.75	486.45	465.06	303.98	278.13	196.41	117.53
Total	1,835.01	1,879.05	707.03	567.07	823.01	789.71	611.46	577.29	447.12	373.42
Share Capital	118.55	118.55	118.55	118.55	118.55	118.55	118.55	118.55	118.55	118.55
Reserves & Surplus	464.70	416.94	366.55	311.06	270.65	254.25	228.87	212.07	197.70	178.10
Loan Funds	1,211.06	1,304.77	184.16	98.16	396.79	380.01	228.43	213.69	101.50	48.27
Deferred Tax Liability	40.70	38.79	37.77	39.30	37.02	36.90	35.61	32.98	29.37	28.50
Total	1,835.01	1,879.05	707.03	567.07	823.01	789.71	611.46	577.29	447.12	373.42

NOTICE

To

The Members,

NOTICE is hereby given that the Forty Sixth Annual General Meeting of the Members of the Company will be held at 2.45 P.M on Tuesday, September 24, 2013, 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, 2013, 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. S. R. Gupte, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. N. Sunder Rajan, 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 Sixth Annual General Meeting until the conclusion of the Forty Seventh 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 reappointment of Mr. Deepak Anand as Managing Director of the Company for a further period of two years from 1.10.2012 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 be responsible for the general conduct and management of 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 authorized 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 1, 2013

K. Raghuveeran

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 19, 2013 to September 24, 2013 (both days inclusive) for the purpose of determination of members who are entitled to receive the dividend for the financial year 2012-13.
3. Dividend as recommended by the Directors for the financial year ended March 31, 2013, 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 18, 2013 and in respect of members holding shares in demat form, as per the list of beneficial owners furnished by NSDL and CDSL.
4. In terms of Section 205A and 205C of the Companies Act, 1956, the dividend amount remaining unclaimed/unpaid for a period of seven years from the due date of payment shall be transferred to the Investor Education and Protection Fund (IEPF) established by Central Government. Members who have not yet encashed their dividend warrant(s) are requested to make their claims without any delay.

IT MAY BE NOTED THAT THE UNCLAIMED DIVIDEND PERTAINING TO THE FINANCIAL YEAR 2005-06 IS DUE FOR TRANSFER TO THE CENTRAL GOVERNMENT (INVESTOR EDUCATION AND PROTECTION FUND) AND THE SAME CAN BE CLAIMED FROM THE COMPANY ON OR BEFORE OCTOBER 10, 2013.

5. 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.

6. 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
7. 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.
8. 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.
9. 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.
10. 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 and was reappointed for a further period of two years from April 27, 2010. Thereafter, the Board of Directors on April 29, 2012 reappointed 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 and the members approved the same at the Annual General Meeting held on September 25, 2012.

Further, the Board of Directors at their meeting held on September 25, 2012 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 of two years from October 1, 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 1, 2013

K. Raghuvveeran

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, 2011 approved the reappointment of Mr. K Prabhakar Rao, as a whole-time Director of the Company for a period of five years from October 27, 2011. 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.

The Board at their meeting held on August 1, 2013 have approved the revision in Basic Salary of Mr. K Prabhakar Rao from ₹ 1,50,000/- to ₹ 1,70,915/- per Month and Personal Allowance from ₹ 93,792/- to ₹ 1,19,746/- per month with effect from July 1, 2013.

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 1, 2013

K. Raghuvveeran

Senior Vice President (Finance) & Company Secretary

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

Name of the Director	S.R.Gupte	N. Sunder Rajan	Deepak Anand
Date of Birth	06.03.1939	17.05.1944	29.08.1949
Date of Appointment	23.12.1996	28.04.2006	27.04.2005
Brief resume / Expertise in specific functional areas	<p>Mr. S R Gupte worked with Caltex India Limited from 1964 for 5½ years in various capacities.</p> <p>He joined Air India in 1969 and worked in various positions in India and abroad. He was entrusted with the functions of Deputy Managing Director and took over in the acting capacity as Chairman and Managing Director of Air India in 1990. During his tenure with Air India, he was on the Board of Air Mauritius, Indian Airlines and was Deputy Chairman and Vice President of Airline Mutual Insurance based in Bermuda. He was the Chairman of Hotel Corporation of India till November 1991.</p> <p>Mr. Gupte joined the United Breweries Group in March 1992 as Executive Vice Chairman and is on the Board of a number of Public Limited Companies. He has been on the Board of the Company from December 1996.</p>	<p>Mr. N Sunder Rajan an officer of the Indian Audit and Accounts Service, has served in various capacities in the Indian Audit and Accounts Department, the Central Ministries of Finance and Civil Aviation and Tourism and in the Lok Sabha Secretariat assisting the Public Accounts Committee of Parliament in enforcing executive accountability.</p> <p>As Deputy Comptroller and Auditor General of India, the position from which he retired in May 2003, he was also the Chairman of the Government Accounting Standards Advisory Board. He has also served on various committees of Government, which included an Expert Group constituted to examine the feasibility of merging Air India and Indian Airlines of which he was the Convener. He was the ministry's representative on the Boards of Directors of Hotel Corporation of India Limited, Vayudoot Limited and Airline & Allied Services Limited besides serving as the Finance Member on the Governing Bodies and Executive Committees of the Indian Institute of Tropical Meteorology and the Centre for Atmospheric Sciences</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	B.Com., Chartered Accountant	Indian Audit and Accounts Service (Retd.)	Fellow of the Institute of Chartered Accountants of India
Directorship in other Public Limited Companies	1. Sanofi India Ltd. 2. Kingfisher Airlines Ltd. 3. UB Electronics Instruments Ltd.	Nil	UB Electronic Instruments Ltd.
Membership of Committees in other Public Limited Companies	Chairman : Audit Committee and Shareholders' Investors' Grievance Committees of Sanofi India Ltd. Shareholders' Investors' Grievance Committee of Kingfisher Airlines Ltd.	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 Sixth Annual Report together with the audited statement of accounts for the year ended March 31, 2013.

FINANCIAL HIGHLIGHTS

	2012-13	2011-12
	(₹ Crores)	
Sales (including other income)	2790.04	3720.13
EBITDA	185.22	208.73
Interest	86.97	77.16
Depreciation	29.01	29.10
Profit before Tax	69.24	102.47
Tax expense	2.67	33.37
Profit after Tax	66.57	69.10
Net Worth *	583.25	535.49

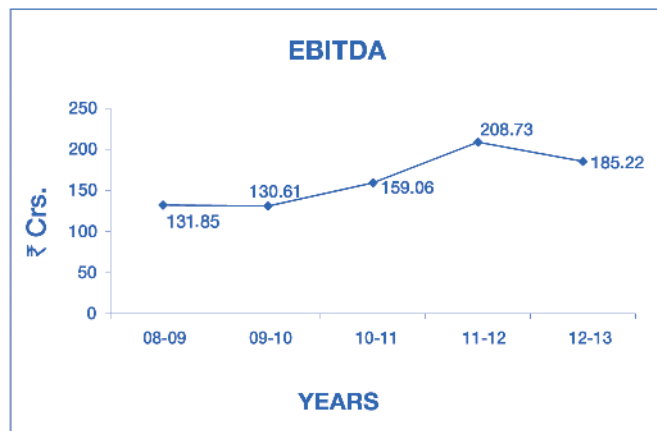
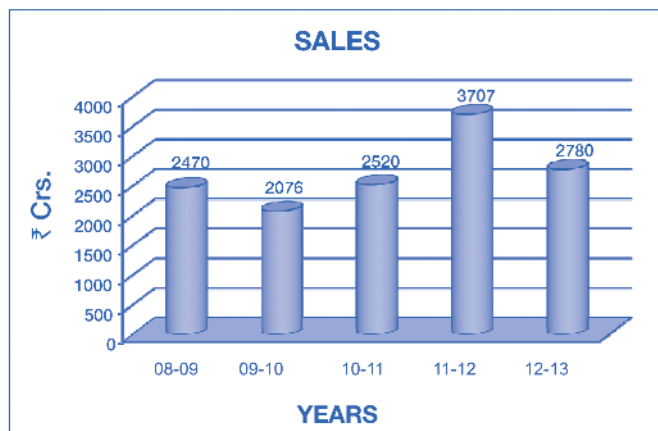
* includes Revaluation Reserve of ₹81.77 Crores and ₹83.93 Crores respectively.

DIVIDEND

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

PERFORMANCE

During 2012-13, your Company achieved a turnover of ₹2779.59 Crores compared to ₹3707.17 Crores in the previous year. PBT at ₹69.24 Crores was lower compared to ₹102.47 Crores during the previous year. Profitability was adversely affected because of drop in volumes, mainly of non urea fertilizers, caused by failure of monsoon in both Kharif and Rabi seasons and demand destruction caused by sharp increases in MRP of these fertilizers to compensate for increase in international prices and reduction in Government of India subsidy.



PRODUCTION

Urea

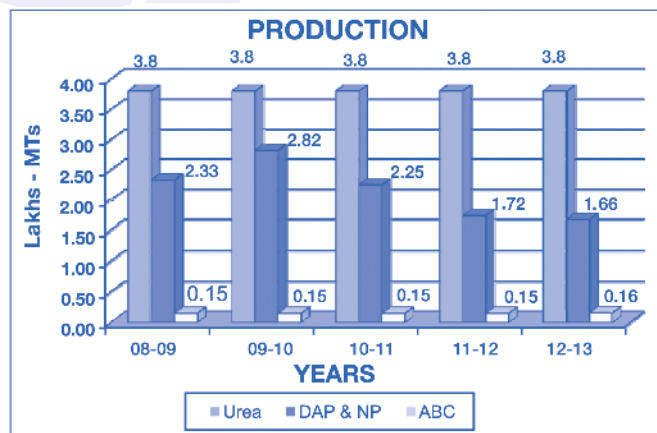
Your Company achieved production of the full re-assessed capacity of 3,79,500 MTs.

Di-Ammonium Phosphate (DAP) and Complex Fertilisers

Your Company produced 1,65,615 MTs of Phosphatic Fertilizers during the year compared to 1,72,276 MTs in the previous year. Production of phosphatic fertilizers was marginally lower due to reduced availability of Phosphoric Acid.

Ammonium Bi-carbonate (ABC)

Production of ABC was 16,111 MTs during the year compared to 15,893 MTs in the previous year.



SALES

During the year, your Company sold 3,79,487 MTs of Urea compared to 3,79,545 MTs in the previous year. Sales of manufactured Phosphatic Fertilizers were 1,65,652 MTs compared to 1,74,240 MTs in the previous year. Sales of imported fertilizers were 87,056 MTs as against 4,60,356 MTs in the previous year.

Plant Nutrition Products sales increased from ₹ 132 crores to ₹ 138 crores and Plant Protection Products sales increased from ₹ 22 crores to ₹ 29 crores. These increases, though modest, are quite remarkable in view of the adverse market conditions

SULPHONATED NAPHTHALENE FORMALDEHYDE (SNF)

The state-of-the-art plant was set up in August 2010 for manufacture of SNF which can be expanded on a modular basis to take care of increased demand. You will be happy to note that the Company sold 16,145 MTs of SNF during the year, compared to 11,458 MTs in the previous year. The plant capacity utilization has substantially increased. During the year many new customers were added and export orders were executed for the first time. 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

It is necessary to maintain soil health, manage proper irrigation and correct imbalances in the nutrients essential for plant growth to counter the serious problem of deterioration in soil productivity, due to indiscriminate and unbalanced use of NPK fertilizers. Disproportionate increase in the farm gate prices of Phosphatics and Potash, compared to Urea has further aggravated this problem. In this direction your Company has continuously introduced crop specific grades of nutrient mixtures, organic products and soil conditioners.

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.

Attention of all concerned on scientific and balanced application of fertilizers is focussed through two unique concepts viz. Mangala Mitra and Mangala Saathi. 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 to educate fellow farmers. Through this innovative approach, your Company is effectively implementing 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.

The Mangala INM concept was introduced in 2002-03 where your Company achieved a modest turnover of ₹ 32 lakhs in the Plant Nutrition product segment. Concentrated efforts have resulted in a significant increase year on year, with the Company achieving a turnover of ₹ 138 Crores during the year. This growth is significant as the year witnessed failure of monsoon which led to reduced cropped area and declining productivity.

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. This greatly helped in our participation in the

growth of water soluble fertilizer segment, one of the fastest growing agriculture input segments in India.

PLANT PROTECTION CHEMICALS

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. During the year under review, your Company launched three products in the Mangala brand name, viz., Mangala Mahacardo (an insecticide), Mangala COC (a fungicide) and Mangala Pardic (a weedicide). In the financial year 2013-14, your Company plans to launch 3 more products of selected molecules under its own brand. The Plant Protection Chemicals business registered a turnover of ₹ 29 crores compared to ₹ 22 crores in the previous year.

ANALYTICAL AND ADVISORY SERVICES

The R & D facilities established at Hassan and Hubli have the capability to analyze sample substrates of soil, water, plant tissues, plant nutrients, organic manures, soil amendments, fertilizers etc.; appropriate recommendations for soil health and crop management are given. Suitable follow up is done by our experts and extension workers to ensure effective implementation of the recommendations. All these are provided to our customers free of cost to ensure their active participation in achieving profitability and sustainability in agriculture.

WORKING CAPITAL

During the year under review our marketing territories were adversely affected by unprecedented drought. Large brought forward stocks of fertilizers, manifold increase in selling price of non urea fertilizers, erratic availability of phosphoric acid and other raw materials coupled with deficient monsoon affected the sales. Due to continued underprovisioning for fertilizer subsidy in the Union Budget, payment of subsidy has been inordinately delayed stretching upto over 9 months in many cases. This delay in the release of GOI subsidy, depreciation of INR vs. USD and increase in interest rates charged by banks resulted in the increase in interest cost.

FERTILIZER POLICY

Stage - III of the New Pricing Scheme (NPS) for Urea announced by the Government of India in March 2007 lapsed on March 31, 2010. 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 2013-14, this subsidy has again been substantially reduced. Coupled with the sharp depreciation of the Indian Rupee, this has led to volatility in MRP.

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). The conversion project is expected to be completed in 2013-14.

M/s Jacobs Engineering U.K and Jacobs Engineering India carried out the Basic Engineering study for NG conversion of Ammonia plant and detailed Engineering work is under progress. Procurement of various items required for the project implementation has already commenced. 3 dual feed Diesel Generators were commissioned in 2012 and 3 new dual feed Diesel Generators will be procured from Wartsila, Finland and installed to complete changeover in CPP.

The LNG terminal at Kochi is expected to be commissioned in 2013. Laying of Gas pipeline from Kochi to Mangalore by GAIL India Limited is in progress and expected to be completed by mid 2014.

SAFETY, HEALTH, ENVIRONMENT AND POLLUTION CONTROL

Safety

Your Company has obtained Occupational Health and Safety Management System certification OHSAS 18001:2007 by DNV as part of its commitment to continual improvement. In addition to the periodic audits carried out under the integrated management system, a statutory - safety audit was also carried out by a team of Internal Auditors.

The Company organized extensive training programs including rescue operations, usage of personal protective equipment, emergency management, Fire Safety at home, awareness training on near miss incident reporting and S, H&E management system for employees. In addition, regular mock drills were conducted to check the emergency preparedness and weekly Fire fighting trainings were organized to train the employees as well as contractors' workmen.

Your Company received **first prize** for **"Best Safe Practices"** in the year 2012 instituted by Department of Factories, Boilers, Industrial Safety & Health, Bangalore, Government of Karnataka for mega scale industry category in Karnataka.

Health

Periodic medical examination is conducted for all the employees. 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 management of burn injuries, Diabetes and its complications, Health hazards of Alcohol & Tobacco consumption and Biomedical Waste Management were conducted for the employees and township families. Free dental check-up and treatment camp was organized at MCF Township. Free cardiac check-up programme and Nerve Conduction test were organized at company's occupational health centre for the employees.

Environment

As an ISO 14001 certified company, many environmental management programs have been implemented. Your Company has installed wastewater treatment plant to treat, recycle and reuse the entire quantity of sewage and process effluents, thereby achieving the status of zero liquid effluent discharge. This was achieved by upgrading the effluent treatment system by the installation of Lamella clarifier, Ultra-filtration and Reverse Osmosis (RO) technologies for the treatment of trade effluent and Membrane Bio- reactor (MBR) technology for the treatment of domestic effluent.

Your Company has also implemented the rainwater harvesting system and sewage treatment plant at its Township. The treated sewage water is used for gardening. Continuing with its green initiative, the Company, in addition to the existing 55 acres of green belt, has planted 5,000 saplings during 2012-13.

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

In recognition of these efforts, your Company has received the prestigious **"FAI Environmental Protection Award"** instituted by the Fertilizer Association of India (FAI) for the NP/NPK fertilizer plants excluding captive acids category for the third consecutive year.

Your Company along with FAI jointly organized a meet on "Group discussion on Environment in the fertilizer industry" at Mangalore. Participants from fertilizer industries, experts from Ministry of Environment and Forests (MoEF), Central and State Pollution Control Board discussed various environment related issue.

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"** five free eye camps and cataract surgery camps were conducted in the neighbouring villages like Permude, Gunduri, Manjeshwara, Sacharipete and Belvai. Free spectacles were distributed for the needy. Free Medical and Dental check-up camp was conducted at Marakada near MCF Township.