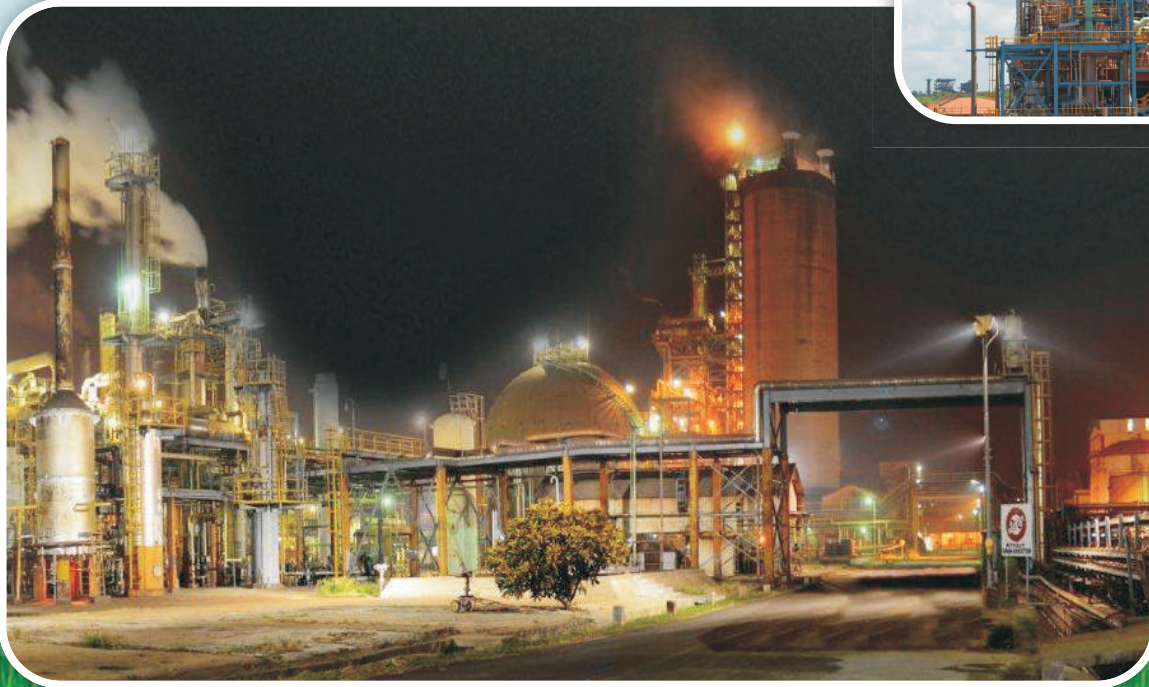


## ANNUAL REPORT 2014 - 2015



# Mangalore Fertilizer Complex



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

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



## DIRECTORS' REPORT

Dear Shareholders,

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

## FINANCIAL HIGHLIGHTS

₹ in Crores

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

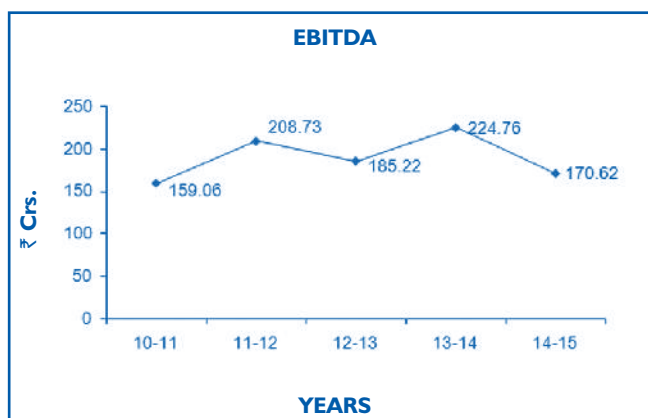
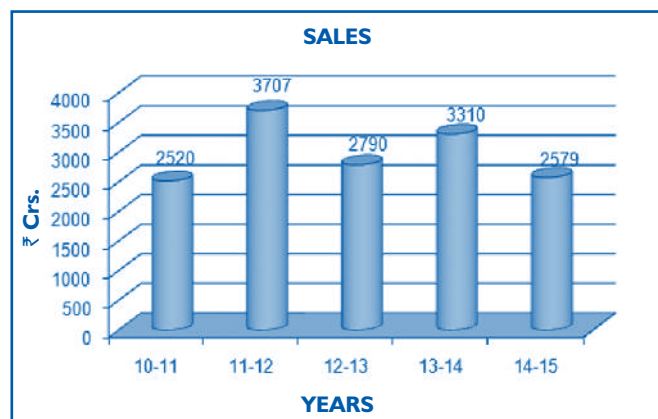
\* includes Revaluation Reserve of ₹ 76.70 crores and ₹ 80.08 crores respectively.

## DIVIDEND

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

## PERFORMANCE

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



## PRODUCTION

### Urea

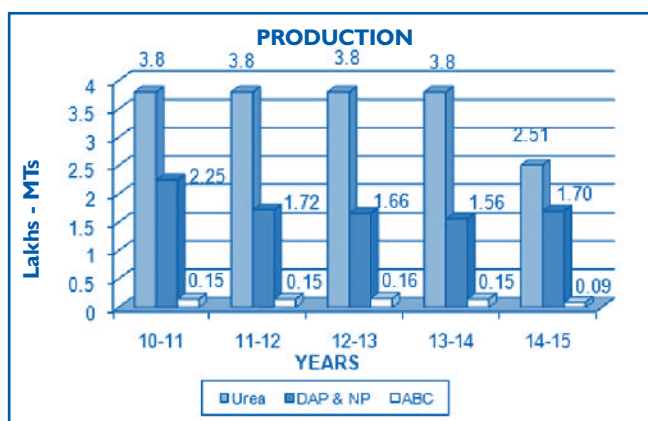
Your Company achieved production of 2,50,582 MTs against the reassessed capacity of 3,79,500 MTs, mainly due to shut down of plant from October 1, 2014 to January 6, 2015.

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

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

### Ammonium Bi-carbonate (ABC)

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



## SALES

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

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

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

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

### **PLANT NUTRITION PRODUCTS**

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

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

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

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

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

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

### **PLANT PROTECTION CHEMICALS**

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

### **ANALYTICAL AND ADVISORY SERVICE**

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

### **WORKING CAPITAL**

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

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

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

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

## FERTILIZER POLICY

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

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

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

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

## SAFETY, HEALTH, ENVIRONMENT AND POLLUTION CONTROL

### Safety

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

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

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

### Health

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

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

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

### Environment

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

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

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

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

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

## SHARE CAPITAL

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

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

## EXTRACTS OF ANNUAL RETURN

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

## NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR

Five meetings were held during the year.

## DIRECTORS RESPONSIBILITY STATEMENT

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

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

## STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORS

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

## DIRECTORS

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

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

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



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

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

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

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

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

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

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

#### **CORPORATE SOCIAL RESPONSIBILITY**

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

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

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

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

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

The Audit Committee consists of the following members;

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

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

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

#### **RISK MANAGEMENT**

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

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

#### **LOANS, GUARANTEES OR INVESTMENTS**

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

## RELATED PARTY TRANSACTIONS

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

## DEPOSITS

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

## STATUTORY AUDIT

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

## SECRETARIAL AUDIT

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

## COST AUDIT

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

## AUDITORS' REPORT & SECRETARIAL AUDIT REPORT

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

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

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

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

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

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

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

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

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

## CORPORATE GOVERNANCE

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

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

## ACKNOWLEDGEMENT

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

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

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

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

**S R Gupte**  
Director

**Deepak Anand**  
Managing Director

May 29, 2015  
Mumbai