



Mangalore Chemicals
& Fertilizers Limited

MCFL/SE/2016

September 28, 2016

National Stock Exchange of India
Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E)
MUMBAI - 400 051

BSE Limited,
Floor 25, Phiroze Jeejeebhoy
Towers, Dalal Street
MUMBAI - 400 001

Dear Sir,

Sub: Submission of Annual Report for the year 2015-16

Pursuant to Regulation 34(1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, please find enclosed the Annual Report of the Company for the year 2015-16.

Kindly acknowledge receipt.

Thanking you,

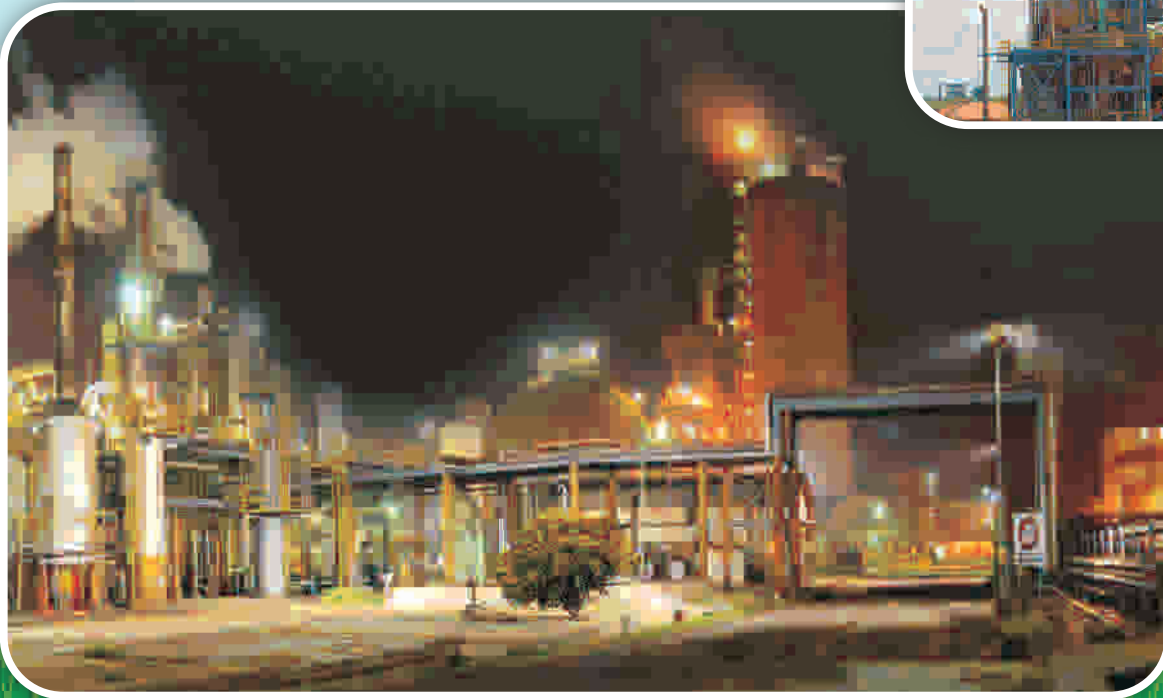
Yours faithfully,
for Mangalore Chemicals and Fertilizers Limited

Vijayamahantesh V. Khannur
Company Secretary

Encl: As above



Mangalore Fertilizer Complex



Directors	:	Arun Duggal, Independent Director and Chairman N. Suresh Krishnan, Managing Director Akshay Poddar, Director Deepak Anand, Director D. A. Prasanna, Independent Director Kapil Mehan, Director K.Prabhakar Rao, Director-Works Narendra Mairpady, Independent Director Pratap Narayan, Independent Director Ritu Mallya, Director V. S. Venkataraman, Director
Chief Financial Officer	:	T. M. Muralidharan
Company Secretary	:	Vijayamahantesh Khannur
Bankers	:	Axis Bank Limited State Bank of India Corporation Bank Kotak Mahindra Bank Limited RBL Bank Limited Cooperative Centrale Raiffeisen-Boerenleenbank (Rabo Bank)
Statutory Auditors	:	K. P. Rao & Co., Bangalore
Cost Auditor	:	P. R. Tantri, Bangalore
Secretarial Auditor	:	S. Kedarnath
Registered Office	:	Level II, UB Tower, UB City No. 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
Works	:	Panambur, Mangalore – 575 010 Tel. No. 0824-2220 600 Fax No. 0824-2407 938
Share Transfer Agent	:	Cameo Corporate Services Limited 'Subramanian Building' No.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)

	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Profit and Loss Statement										
Sales	3000.32	2576.87	3310.26	2779.59	3707.17	2,520.46	2,075.64	2,469.62	1,655.94	1,371.05
Other Income	6.20	11.47	4.54	10.45	12.95	3.36	6.09	14.42	9.09	3.44
Finance Costs	112.08	126.38	102.45	86.97	77.16	18.59	23.44	36.00	15.43	16.34
Depreciation	31.27	28.66	28.76	29.01	29.10	28.88	18.37	16.96	15.91	15.22
Profit / (Loss) before exceptional and extraordinary item and tax	(30.33)	18.29	93.55	69.24	102.47	111.60	84.53	43.26	58.34	41.97
Balance Sheet										
Net Fixed Assets	651.03	628.87	625.95	485.36	491.88	391.17	385.27	336.51	324.60	307.43
Investments	-	200.00	200.00	200.00	-	-	0.05	0.05	0.05	0.05
Net Current Assets	1201.94	982.52	1395.11	1168.05	1406.45	315.86	181.75	486.45	465.06	303.98
Total	1,852.97	1,811.40	2,221.06	1,853.42	1,898.33	707.03	567.07	823.01	789.71	611.46
Share Capital	118.55	118.55	118.55	118.55	118.55	118.55	118.55	118.55	118.55	118.55
Reserves & Surplus	301.06	541.42	517.31	464.70	416.94	366.55	311.06	270.65	254.25	228.87
Loan Funds	1397.08	1108.30	1521.67	1229.47	1324.05	184.16	98.16	396.79	380.01	228.43
Deferred Tax Liability	36.28	43.13	63.53	40.70	38.79	37.77	39.30	37.02	36.90	35.61
Total	1,852.97	1,811.40	2,221.06	1,853.42	1,898.33	707.03	567.07	823.01	789.71	611.46

NOTICE

To

The Members,

Notice is hereby given that the Forty Ninth Annual General Meeting of the Members of the Company will be held on **Tuesday, September 27, 2016 at 10.30 AM at Conference Hall, 1st Floor, UB Tower, UB City, No. 24, Vittal Mallya Road, Bangalore – 560 001** to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2016, the statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Statutory Auditors.
2. To appoint a Director in place of Mr. Akshay Poddar (DIN:00008686), who retires by rotation and being eligible, offers himself for re-appointment.
3. To ratify appointment of M/s. K. P. Rao & Company, Chartered Accountants, (FRN 003135S) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be mutually agreed upon between the Board of Directors and the Statutory Auditors.

SPECIAL BUSINESS

4. To consider and if thought fit to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) ("the Act"), and the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. V. S. Venkataraman (DIN:00190672), in respect of whom the Company has received a notice in writing from a member pursuant to the requirements of Section 160 of the Act proposing his candidature for appointment as a Director, be and is hereby appointed as Director of the Company, liable to retire by rotation.
5. To consider and if thought fit to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 and the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. D. A. Prasanna (DIN:00253371), in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a period of five years with effect from May 06, 2016 to May 05, 2021, not liable to retire by rotation.
6. To consider and if thought fit to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
RESOLVED THAT pursuant to the provisions of Section 2(54), 2(78), 196, 197, 198, 199, 200, 202, 203 and all other applicable provisions of the Companies Act, 2013 ("the Act"), read with Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Article 133 of the Articles of Association of the Company and subject to such approvals, permissions and sanctions as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities including the Central Government in granting such approvals, permissions, sanctions, if any, the approval of the members be and is hereby accorded to the appointment of Mr. N. Suresh Krishnan, as Managing Director of the Company for a period of five years with effect from January 01, 2016 to December 31, 2020.

RESOLVED FURTHER THAT the remuneration payable to Mr. N. Suresh Krishnan during his tenure as Managing Director and his other terms of appointment shall be as follows:

- a. Salary: The Company shall not pay any salary, commission or remuneration to Mr. N. Suresh Krishnan, Managing Director from the date of his appointment, until further recommendations of the Nomination and Remuneration Committee and approval of the Board of Directors.
- b. Other benefits: as applicable to Senior Executives of the Company.
- c. Termination: By giving the other party, six months' notice

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

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

RESOLVED THAT pursuant to the provisions of Section 2(78), 196, 197, 198, 199, 200, 202, and all other applicable provisions of the Companies Act, 2013 ("the Act"), read with Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to such approvals, permissions and sanctions as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities including the Central Government in granting such approvals, permissions, sanctions, if any, the approval of members be and is hereby accorded appointment of Mr. K. Prabhakar Rao as Director – Works, for a period of two years with effect from October 19, 2015 to October 18, 2017.

RESOLVED FURTHER THAT the approval of the members be and is hereby accorded for following remuneration payable and other terms of appointment to Mr. K. Prabhakar Rao during his tenure as Director–Works:

April 01, 2015 to October 18, 2015	October 19, 2015 – October 18, 2017
<p>a. Basic Salary: ₹ 1,88,655 per month with such annual increments as may be determined by the Board of Directors</p> <p>b. Perquisites: ₹ 12,000 per month</p> <p>c. Allowances: ₹ 2,38,742 per month</p> <p>d. Performance Bonus: ₹ 84,895 per month</p> <p>e. Other benefits: ₹ 69,086 per month</p> <p>f. Termination: By giving the other party, six months' notice</p>	<p>a. Basic Salary: ₹ 2,15,000 per month with such annual increments as may be determined by the Nomination and Remuneration Committee and/or the Board of Directors</p> <p>b. Perquisites: ₹ 15,000 per month</p> <p>c. Allowances: ₹ 2,67,721 per month</p> <p>d. Performance Bonus: ₹ 84,895 per month</p> <p>e. Other benefits: ₹ 75,959 per month</p> <p>f. Termination: By giving the other party, six months' notice</p> <p>Provided that the remuneration payable by way of salary, perquisites, allowances, performance bonus and other benefits shall not exceed the limits laid down in Section 197 and Schedule V of the Act, including any statutory modification(s) or re-enactment(s) thereof.</p>

RESOLVED FURTHER THAT notwithstanding anything contained herein, where in any financial year, during the tenure of Mr. K. Prabhakar Rao as Director–Works, the Company has no profits or profits are inadequate, the Company may subject to receipt of the requisite approvals including the approval of the Central Government, if any, pay Mr. K. Prabhakar Rao, Director–Works, the above remuneration as the minimum remuneration by way of salary, perquisites, allowances, performance bonus and other benefits as specified above and that the perquisites pertaining to contribution to provident fund, superannuation fund, national pension scheme or gratuity and leave encashment shall not be included in the computation of the ceiling on remuneration specified in Section II of Part II of Schedule V to the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company on its own or based on the recommendation of the Nomination and Remuneration Committee, be and is hereby authorized to vary, increase, enhance or widen from time to time the terms and conditions of appointment and remuneration of Mr. K. Prabhakar Rao, Director–Works during the period from October 19, 2015 to October 18, 2017 within the scale of basic salary of ₹ 2,15,000 per month to ₹ 3,00,000 per month, subject to such approvals as may be required and the limits specified under Schedule V to the Act or any statutory modification(s) or re-enactment(s) thereof.

8. To consider and if thought fit to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), payment of remuneration of ₹ 1,25,000/- (Rupees one lakh twenty five thousand only) exclusive of service tax and other statutory levies, if any, and reimbursement of actual expenses incurred on travel, accommodation and other out-of-pocket expenses to Mr. P. R. Tantri, Cost Accountant (Membership Number 2403), for conducting audit of cost records of the Company for the Financial Year 2016-17, be and is hereby ratified and confirmed.

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

9. To consider and if thought fit to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

RESOLVED THAT in compliance with and subject to the provisions of the Companies Act, 2013 and the rules framed thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transactions / contracts / arrangements entered / to be entered into by the Company with Zuari Agro Chemicals Limited for purchase / sale of goods, availing / rendering of services, transfer of resources, lease of office space, sales and marketing services and cost recharge be and are hereby approved.

RESOLVED FURTHER THAT the Board is hereby authorized to do, perform, or cause to be done all such acts, deeds, matters and things as may be necessary or desirable, and do all other acts and things as may be incidental, necessary or desirable to give effect to the above resolution.

By the order of the Board

Vijayamahantesh Khannur
Company Secretary

Bangalore
August 16, 2016

NOTES

1. An explanatory statement pursuant to Section 102 of the Companies Act, 2013 is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing proxy in prescribed form, in order to be effective should be duly completed, signed and must be sent to the Company so as to reach at the registered office of the Company at least 48 hours before the commencement of the meeting. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty Members and holding in aggregate not more than ten percent of the total paid-up share capital of the Company. Members holding more than ten percent of the total paid-up share capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member.
3. The Register of Members and Share Transfer Books will remain closed from September 20, 2016 to September 27, 2016 (both days inclusive).
4. All relevant documents referred to in the Notice and the statements/reports annexed to Notice shall be open for inspection by Members at the Registered Office of the Company during normal business hours between 11.00 a.m. and 1.00 p.m. on all working days (except Saturdays, Sundays and Public Holidays) up to the date of the Annual General Meeting of the Company.
5. Pursuant to the provisions of section 205A(5) 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 2008-09 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 14, 2016.

6. Electronic copy of the Notice of the 49th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 49th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent in the permitted mode.
7. Pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide the members the facility to exercise their right to vote at the 49th Annual General Meeting by way of remote e-voting i.e., casting votes by a member using an electronic voting system from a place other than venue of a general meeting, and the business may be transacted through e-voting services provided by Central Depositories Services (India) Limited. The ballot or polling paper shall also be made available at the meeting and members attending the meeting who have not already casted their vote by remote e-voting shall be able to exercise their right at the meeting. Members who have casted their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

The Company has appointed Mr. Sudhindra K S, Practicing Company Secretary (Membership No. FCS 7909 and CP No. 8190), who is willing to be appointed and is, in the opinion of the Board, a duly qualified person and can scrutinize the voting and remote e-voting process in a fair and transparent manner, as a Scrutinizer. After the conclusion of the voting at the meeting, the Scrutinizer shall count votes cast at the meeting and through remote e-voting and provide a consolidated Scrutinizer's report of the total votes cast, within a period of three days from the date of conclusion of the meeting, to the Chairman or a person authorized by him in writing who shall countersign the same. The Chairman or a person authorized by him in writing shall declare the result of the voting forthwith. The results declared along with the Scrutinizer's report shall be placed on the Company's website www.mangalorechemicals.com and on the website of CDSL – www.cdslindia.com and communicated to the Stock Exchanges.

The instructions for shareholders voting electronically are as under:

- i. The remote e-voting period begins at 9.00 am on September 23, 2016 and ends at 5.00 pm on September 26, 2016. The facility for remote e-voting shall forthwith be blocked at the end of the period of remote e-voting.
- ii. The cut-off date for determining the eligibility to vote by electronic means or in the general meeting shall be September 20, 2016. Members who are holding shares on cut-off date are only eligible for remote e-voting and attending Annual General Meeting.
- iii. The shareholders should log on to the e-voting website www.evotingindia.com during the voting period
- iv. Click on "Shareholders" tab.
- v. Now Enter your Login ID.
 - a. For CDSL: 16 digits beneficiary ID;
 - b. For NSDL: 8 Character DP ID followed by 8 digit client ID;
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi. Next enter the Image Verification as displayed and Click on Login.
- vii. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

viii. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg., If your name is Ram with sequence number 1 then enter RA00000001 in the PAN field
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

ix. After entering these details appropriately, click on "SUBMIT" tab.

x. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

xii. Click on the EVSN of Mangalore Chemicals & Fertilizers Limited to vote.

xiii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

xiv. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

xv. After selecting the Resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

xvi. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

xvii. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

xviii. If Demat account holder has forgotten the password then enter the Login ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

xix. Note for Non-Individual Shareholders & Custodians:

- Non-Individual shareholders (i.e., other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

xx. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.

xxi. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

8. Members / proxy holders are requested to produce the enclosed attendance slip duly completed and signed at the entrance of the meeting venue.

9. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the Annual General Meeting.

10. The Register of Contracts, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
11. 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, No.1, Club House Road, Chennai-600 002
Phone: 91-44-2846 0390 to 94 Fax: 91-44-2846 0129
E-mail: cameo@cameoindia.com
12. The equity shares of the Company are mandated by 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.
13. 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.
14. 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.

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

Item No. 4

United Breweries (Holdings) Limited, together with its group companies, holds 21.97% of total paid up share capital of the Company had nominated Mr. V. S. Venkataraman for appointment on the Board of Directors and accordingly the Board of Directors at its meeting held on October 19, 2015 appointed Mr. V. S. Venkataraman as an Additional Director. United Breweries (Holdings) Limited has given notice in writing under Section 160 of the Companies Act, 2013 proposing appointment of Mr. V. S. Venkataraman as Director of the Company at this Annual General Meeting along with the deposit of ₹ 1,00,000/-.

Mr. V. S. Venkataraman is interested in the Resolution set out at Item No. 4 of the Notice in regard to his appointment. The relatives of Mr. V. S. Venkataraman may be deemed to be interested in the Resolution set out at Item No. 4 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the above appointment. The Board accordingly places the Ordinary Resolution set out at Item No. 4 of the Notice for approval of the members.

Item No. 5

The Board of Directors at its meeting held on May 06, 2016 appointed Mr. D. A. Prasanna as an Additional Director of the Company in the category of Independent Directors and his tenure expires at this Annual General Meeting. A notice has been received in writing by a member under Section 160 of the Companies Act, 2013 proposing appointment of Mr. D. A. Prasanna as an Independent Director of the Company for a period of five years with effect from May 06, 2016 to May 05, 2021, at this Annual General Meeting along with the deposit of ₹ 1,00,000/-.

Mr. D. A. Prasanna is interested in the Resolution set out at Item No. 5 of the Notice in regard to his appointment. The relatives of Mr. D. A. Prasanna may be deemed to be interested in the Resolution set out at Item No. 5 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the above appointment. The Board accordingly places the Ordinary Resolution set out at Item No. 5 of the Notice for approval of the members.

Item No. 6

Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on October 19, 2015 had appointed Mr. N. Suresh Krishnan as Managing Director of the Company for a period of five years w.e.f. 01.01.2016 on a consolidated salary of ₹ 12,00,000 per month. Subsequently, based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on January 30, 2016 revised the terms of appointment of Mr. N. Suresh Krishnan as given below:-

- a. Salary: The Company shall not pay any salary, commission or remuneration to Mr. N. Suresh Krishnan, Managing Director from the date of his appointment, until further recommendations of the Nomination and Remuneration Committee and approval of the Board of Directors.
- b. Other benefits: as applicable to Senior Executives of the Company.
- c. Termination: By giving the other party, six months' notice.

Mr. N. Suresh Krishnan is interested in the Resolution set out at Item No. 6 of the Notice in regard to his appointment. The relatives of Mr. N. Suresh Krishnan may be deemed to be interested in the Resolution set out at Item No. 6 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the above appointment. The Board accordingly places the Ordinary Resolution set out at Item No. 6 of the Notice for approval of the members.

Item No. 7

Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on October 19, 2015 appointed Mr. K. Prabhakar Rao as Director – Works, for a period of two years effective from October 19, 2015 to October 18, 2017 and approved the remuneration on the terms and conditions given herein below:-

- a. Basic Salary: ₹ 2,15,000 per month with such annual increments as may be determined by the Nomination and Remuneration Committee and / or the Board of Directors.
- b. Perquisites: ₹ 15,000 per month
- c. Allowances: ₹ 2,67,721 per month
- d. Performance Bonus: ₹ 84,895 per month
- e. Other benefits: ₹ 75,959 per month
- f. Termination: By giving the other party, six months' notice
- g. Board of Directors may vary, increase, enhance the remuneration of Mr. K. Prabhakar Rao, within the scale of basic salary of ₹ 2,15,000 per month to ₹ 3,00,000 per month.

The terms of appointment of Mr. K. Prabhakar Rao, as approved by the Board for the period from April 01, 2015 to October 18, 2015 were as below:

- a. Basic Salary: ₹ 188,655 per month with such annual increments as may be determined by the Board of Directors
- b. Perquisites: ₹ 12,000 per month
- c. Allowances: ₹ 2,38,742 per month
- d. Performance Bonus: ₹ 84,895 per month
- e. Other benefits: ₹ 69,086 per month
- f. Termination: By giving the other party, six months' notice

The Company did not have adequate profits for the year 2015-16 for payment of remuneration as per the details mentioned in the resolution above. Thus, it is proposed to seek approval of the shareholders by way of special resolution in accordance with first proviso to Clause A of Section II of the Part II of Schedule V as per the details mentioned in the resolution above during the tenure of Mr. K. Prabhakar Rao, without the approval of the Central Government.

The remuneration is approved by the Board of Directors and the Nomination and Remuneration Committee at their meetings held on October 19, 2015. The Company has not made any default in repayment of any of its debts or debentures or interest payable thereon for a continuous period of thirty days in the preceding financial year before the date of appointment.

Other information as required under Section II of Part II of Schedule V

- I. General Information:
 - (1) Nature of industry: Manufacture of fertilizer and other plant nutrient products
 - (2) Commencement of commercial production: 1976
 - (3) Financial performance based on given indicators: EBITDA of ₹ 113 crores
 - (4) Foreign investments or collaborations, if any: None
- II. Information about the appointee:
 - (1) Background details: Mr. K. Prabhakar Rao is working with the Company over a period of 40 years and has held various managerial positions before designating as Director – Works.
 - (2) Past remuneration: ₹ 69.59 lakhs during 2014-15
 - (3) Recognition or awards: None
 - (4) Job profile and his suitability: The position is of Director – Works and designated as Principal Employer is heading all the operations of the Plant.
 - (5) Remuneration proposed: As disclosed above
 - (6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person: Directors with similar profile and position in companies of similar size in the industry are paid similar remuneration.
 - (7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel: None

III. Other information:

The reasons for the loss or inadequate profits, steps taken for improvement and future outlook are provided as part of Board of Directors' report and Management Discussion and Analysis attached to Board of Directors' report.

IV. Other Disclosures:

The other required disclosures are made in the Corporate Governance Report attached to the Board of Directors' report.

Mr. K. Prabhakar Rao is interested in the resolution set out at Item No. 7 of the Notice in regard to his appointment. The relatives of Mr. K. Prabhakar Rao may be deemed to be interested in the resolution set out at Item No. 7 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the above appointment. The Board accordingly places the Special Resolution set out at Item No. 7 of the Notice for approval of the members.

Item No. 8

In accordance with the provisions of Section 148 of the Companies Act, 2013, and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board of Directors have approved the appointment of Mr. P. R. Tantri, Cost Accountant (Membership Number 2403), as Cost Auditor of the Company for the financial year 2016-17 on a remuneration of ₹ 1,25,000/- (Rupees one lakh twenty five thousand only) exclusive of service tax and other statutory levies, if any, and reimbursement of actual expenses incurred on travel, accommodation and other out-of-pocket expenses.

Accordingly, consent of members is sought by an Ordinary Resolution for the remuneration payable to the Cost Auditor for the financial year 2016-17.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in this matter.

Item No. 9

In terms of Section 188 of the Companies Act, 2013 and Regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all material related party transactions require the approval of the shareholders of the Company by way of a Resolution.

Zuari Fertilisers and Chemicals Limited (ZFCL), (a wholly owned subsidiary of Zuari Agro Chemicals Limited (ZACL)) has acquired 53.03% equity shares of the Company and therefore the Company has become a subsidiary of ZFCL and consequently of ZACL. The Company has entered/ proposes to enter into certain transactions / contracts / arrangements, in its ordinary course of business, relating to purchase / sale of goods, availing / rendering of services, lease of office space, transfer of resources, sales and marketing services and cost recharge to and from ZACL. Since the value of the transactions / contracts / arrangements with ZACL during the financial year 2015-16 exceeds 10% of the annual turnover of the Company, the approval of the members is sought for the transactions / contracts / arrangements entered with ZACL. All the transactions / contracts / arrangements with ZACL are in the ordinary course of business entered at an arm's length basis.

In accordance with Section 188 of the Companies Act, 2013 and Regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all entities falling under the definition of related parties are required to abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

Details of the related party transactions

Term: There is no specified term of the transactions / contracts / arrangements but reviewed on annual basis.

Related Parties: Zuari Agro Chemicals Limited

Nature of transactions / contracts / arrangements: Purchase / Sale of goods, Availing / Rendering of services, Transfer of resources, Lease of Office space, Sales and marketing services, cost recharge to and from related parties etc.

Materiality: The consideration payable by/to the Company by/to related parties individually, in a financial year, if required to be aggregated with the amounts under other agreements involving other relevant transactions, exceed the threshold of 10% of the annual turnover of the Company as per last audited financial statements.

The Resolution under item No. 9 is placed for the approval by the shareholders as an Ordinary Resolution. None of the Directors / Key Managerial Personnel of the Company / their relatives are, except Mr. Akshay Poddar, Mr. Kapil Mehan and Mr. N. Suresh Krishnan being the Director / Key Managerial Personnel of the related party, in any way, concerned or interested, financially or otherwise in this matter.

Additional information pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Details of the Directors seeking appointment / reappointment.

Name of the Director	Akshay Poddar		V. S. Venkataraman		D. A. Prasanna		N. Suresh Krishnan		K. Prabhakar Rao	
Date of Birth	July 20, 1976		March 24, 1954		October 3, 1948		June 3, 1964		July 2, 1955	
Qualification	Master of Science in Leadership Strategy from London Business School. Honors in Accounting and Finance from London School of Economics and Political Science, University of London.		B. Com (Hons.), A.C.S.		BE, MBA (IIM, Ahmedabad)		B.E (Hons.) and M.Sc. from BITS (Pilani).		B.E (Chemicals)	
Inter-se relationship with Directors of the Company	None		None		None		None		None	
Expertise in functional area	Over 15 years of track record of promoting and managing businesses in diversified industries like fertilizers, agri-inputs, heavy engineering, sugar, consumer products, real estate, investments and furniture etc.,		Over 43 years of experience with 35 years in the function of Company Secretary. He was with the UB Group for 33 years and retired as the Company Secretary and Executive Vice President of United Spirits Limited, now a part of the Diageo plc Group and also headed the Corporate Legal functions. He has wide experience in Secretarial and Legal functions including Mergers and Amalgamations. He had played a key role in all the mergers, demergers, acquisitions and consolidations in the UB Group. He is also a Member of the National Institute of Personnel Management and Calcutta Management Association.		With around 40 years of experience as an entrepreneur, Mr. Prasanna has held many positions like CEO, MD and Executive Chairman in the companies like Wipro, GE – BEL and GE Healthcare and others. In Manipal Group he raised aspiration levels and saw the group achieve high rank in the fields of education and healthcare. He served GE in Asia and USA and contributed to its global competitiveness. His entrepreneurial foray was in the field of Pharmaceutical services. As the lead investor and CMD, he built a Clinical Research Organization (CRO) which brought new drugs market in stem cells, medical devices biologics and generics. He has served as an Independent Director on the Boards of Shasun Pharma, Take Solutions, Four Ways Healthcare PLC, served as Chairman of GE-BEL, Ecron Acunova GmbH, as Director on GE Yokogawa Japan, GE-Samsung Korea, Manipal Gp, Manipal Hospitals, Manipal University. He served on Public Policy advocacy organizations like Center For Policy Research for over a decade. He is an alumnus of IIM Ahmedabad & GE Business Leadership Program at Crotonville.		With 29 years of corporate experience in fertilizers, energy and cement sectors, Mr. Krishnan has been associated with the Adventz Group for over two decades and has been widely acknowledged for his leadership, vision and commitment. His functional experience spans corporate finance, corporate strategy, projects planning, operations and business development. Over the years, he has been instrumental in financing of large greenfield projects in the domestic and international markets, forging and managing joint ventures and acquisitions and in executing turnaround strategies alongside day-to-day operations in the manufacturing sector. An alumnus of BITS (Pilani), Mr. Krishnan is on the Board of Director of several Adventz group companies and joint ventures.		Mr. Prabhakar Rao, has been working with the Company since 1978 and has handled various responsibilities in the Company. As Director-Works, he is presently responsible for production, maintenance, quality control, technical services, projects, safety and logistics at the Company's plant in Mangalore. Mr. Rao has widely travelled and participated in many National and International symposiums. He has attended various Management Development Programs in premier Institutions such as IIM Bangalore & Ahmedabad.	
Directorships in other Public Companies	Director in Adventz Securities Enterprises Limited, Lionel Edwards Ltd, Texmaco Infrastructure & Holdings Limited, Texmaco Rail & Engineering Limited, Zuari Agro Chemicals Limited and Lionel India Limited.		Nil		Nil		Managing Director in Zuari Global Limited, Director in Indian Furniture Products Limited, Zuari Infraworld India Limited, Zuari Agro Chemicals Limited, Gobind Sugar Mills Limited and Simon India Limited.		Nil	
Membership / Chairmanship in other Public Companies	Chairman	Member	Chairman	Member	Chairman	Member	Chairman	Member	Chairman	Member
	I	3	Nil	Nil	Nil	Nil	I	6	Nil	Nil
Audit Committee	Nil	I	Nil	Nil	Nil	Nil	Nil	4	Nil	Nil
Stakeholders' Relationship Committee	I	2	Nil	Nil	Nil	Nil	I	2	Nil	Nil
Shareholding in the Company	NIL		NIL		NIL		NIL		NIL	

By the order of the Board

Bangalore
August 16, 2016

Vijayamahantesh Khannur
Company Secretary

DIRECTORS' REPORT

To the Members,

1. Your Directors place before you the Forty Ninth Annual Report of the Company together with Statement of Accounts for the financial year ended March 31, 2016.

2. FINANCIAL HIGHLIGHTS

(₹ in Crores)

	2015-16	2014-15
Sales (including other income)	3,006.52	2,588.34
EBITDA	113.02	173.33
Finance Costs	112.08	126.38
Depreciation	31.27	28.66
Profit/(Loss) before exceptional, extra ordinary items and tax	(30.33)	18.29
Exceptional Item	16.68	-
Extra ordinary Item	200.00	-
Profit/(Loss) before tax	(247.01)	18.29
Tax expense	(6.89)	(19.25)
Profit/(Loss) after tax	(240.12)	37.54
Net Worth*	419.61	659.97

* Includes Revaluation Reserve of ₹ 75.94 crores and ₹ 76.70 crores respectively.

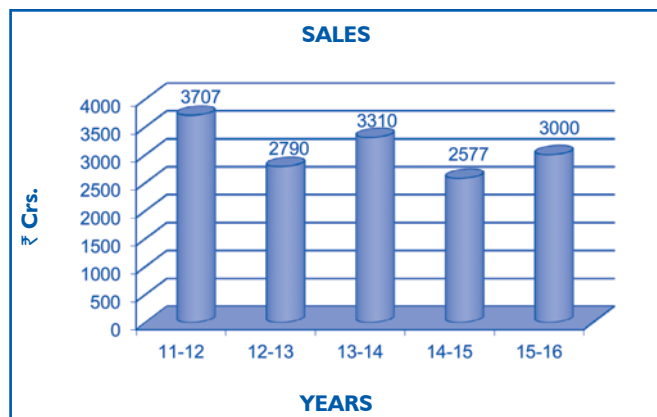
3. DIVIDEND

In view of the reported loss for the year, the Board of Directors does not recommend any dividend for the year 2015-16.

4. REVIEW OF OPERATIONS

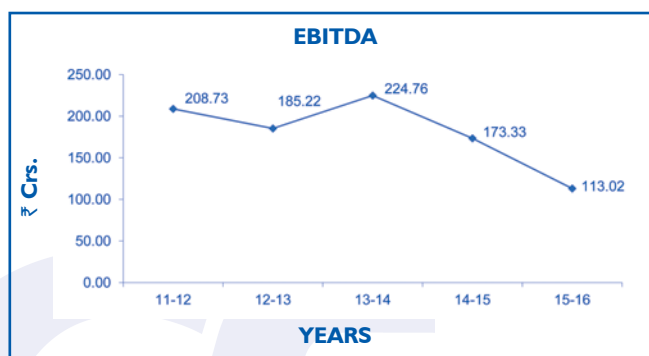
The revenue from operations for the year ended March 31, 2016 was ₹ 3,000.32 crores as compared to ₹ 2,576.87 crores for the year ended March 31, 2015.

The Loss before exceptional, extra ordinary items and tax for the year ended March 31, 2016 was ₹ 30.33 crores compared to profit of ₹ 18.29 crores for the year ended March 31, 2015. The financial results for the year ended March 31, 2016 were primarily affected due to restrictive conditions of the fertilizer policy of the Govt. of India for Naphtha based units besides unfavourable market conditions and volatile foreign exchange rates.



The Exceptional item represents outstanding dues from United Breweries (Holdings) Limited provided in view of the uncertainty of recoverability. The Extra-ordinary item represents provision for potential diminution in the value of investment in the preference share capital of ₹ 200 crores in Bangalore Beverages Limited in view of investment having been diverted to non project activities.

Therefore, the loss before tax for the year ended March 31, 2016 was ₹ 247.01 crores as compared to profit of ₹ 18.29 crores for the year ended March 31, 2015 and the loss after tax stood at ₹ 240.12 crores for the year ended March 31, 2016 as compared to profit of ₹ 37.54 crores for the year ended March 31, 2015.



5. PRODUCTION

Urea

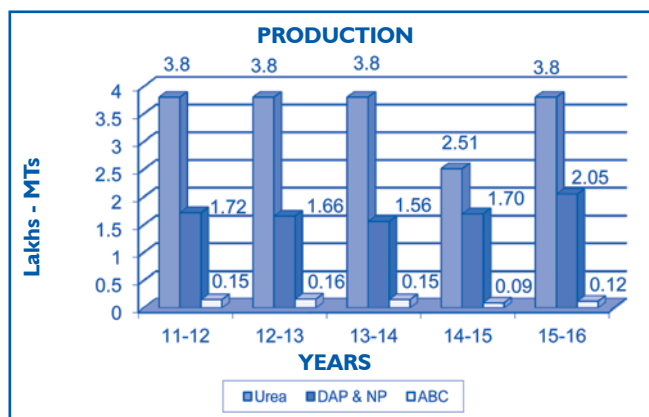
Your Company achieved full production of the reassessed capacity of 3,79,500 MTs compared to of 2,50,582 MTs in the previous year.

Di-Ammonium Phosphate (DAP) and Complex Fertilizers

Your Company produced 2,05,308 MTs of Phosphatic Fertilizers during the year compared to 1,69,835 MTs in the previous year. Plant utilization would have been much better, if there had been regular and adequate availability of Phosphoric Acid.

Ammonium Bi-carbonate (ABC)

Production of ABC at 12,172 MTs during the year compared to 8,556 MTs in the previous year.



6. SALES

During the year, your Company sold 3,80,259 MTs of Urea compared to 2,49,820 MTs in the previous year. Sales of manufactured Phosphatic Fertilizers were 2,05,680 MTs compared to 1,71,376 MTs in the previous year. Sales of imported fertilizers were 3,76,164 MTs against 1,86,199 MTs in the previous year.

Plant Nutrition Products sales have increased to ₹ 213 crores from ₹ 200 crores, an increase of 7%. Plant Protection Products sales have increased from ₹ 67 crores in the previous year to ₹ 72 crores in current year, an increase of 7%.

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 14,049 MTs of SNF during the year, compared to 9,948 MTs in the previous year. The Company has continued with new product variants for applications in newer areas to improve plant utilization, in order to de-risk its focus on construction chemical industry.

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, the country continues to face a serious problem of deterioration in soil productivity due to indiscriminate and imbalanced 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 soil deterioration, and improve soil conditions and its productivity, 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 the marketing network, your Company's R&D unit at Hassan has been developing nutrient mixtures, enriched organic manure products and soil conditioners to mitigate crop specific issues, apart from providing analytical and advisory services to farmers. 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 has been promoting successfully two unique concepts viz. Mangala Mitra and Mangala Saathi for four 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 guide fellow farmers on various aspects

of crop cultivation. Through this new approach, your Company is effectively implementing the "Mangala Integrated Nutritional Management (INM)" concept to enable the farmer to make his agriculture an economically sustainable one. Under Mangala Saathi, all 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 spreading awareness on balanced nutrient management.

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 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 ₹ 213 crores during the year. This growth, achieved during the year despite unfavorable agricultural situation is commendable.

In order to support marketing requirement with timely supply of quality Plant Nutrition products, the Specialty Fertilizer manufacturing facility set up in 2011 at its factory in Mangalore with an annual capacity of 12,000 MTs 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 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 four insecticides in Mangala brand, viz., Mangala Bold, Mangala Hytop, Mangala Phoramcf and Mangala Monster, and one fungicide, viz., Mangala Akraman. The Plant Protection Chemicals business registered a turnover of ₹ 72 crores compared to ₹ 67 crores in the previous year.

Analytical and Advisory Service

To promote the concept of Mangala INM, R & D facility established at Hassan has 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 by Company's experts and extension workers to ensure effective implementation of the recommendation. All these are provided to the customers free of cost to ensure their active participation in achieving profitability and sustainability in agriculture.

7. 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 condition and increased working capital costs.

8. 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 around ₹ 315 crores. The plant that is running successfully on naphtha / furnace oil as feedstock / fuel, can seamlessly continue to operate with natural gas without interruption, whenever natural gas is made available. This was confirmed by the study carried out by Projects and Development India Limited (PDIL), a Govt. of India company.

The Company has signed a Gas Supply Agreement with Indian Oil Corporation 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 Ammonia/urea production. Various alternatives are being studied, for providing gas availability/connectivity to Mangalore.

9. FERTILIZER POLICY

Stage III of New Pricing Scheme (NPS) for Urea announced in March 2007 stipulated that existing Naphtha/Furnace Oil/LSHS units should convert to gas by March 31, 2010. The deadline was extended until further orders in March 2010 in view of delay in formulation of NPS Stage – IV. In the meantime, the Company had signed a Gas Supply Agreement with Indian Oil Corporation and a Gas Transmission Agreement with GAIL (India) Limited in February 2011. The LNG terminal at Kochi has been commissioned in September 2013. Laying of Gas pipeline from Kochi to Mangalore by GAIL (India) Limited made negligible progress.

The Govt. of India by its notification No.12012/3/2010-FPP dated 2nd April 2014 specified that the production of high cost naphtha based units will continue under modified NPS–III till the gas availability and connectivity is provided to these units or June 30, 2014, whichever is earlier, beyond which subsidy for naphtha based units will not be paid, which was further extended until September 30, 2014.

The 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. Pending disposal of the matter, the Govt. of India allowed operation of Naphtha based urea plants for 100 days from January 07, 2015. The Urea production was 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 Govt. of India vide its Notification No.12018/4/2014-FPP dated June 17, 2015 allowed continuation of production of urea from 3 Naphtha based units (MFL – Manali, MCFL – Mangalore and SPIC – Tuticorin) till these plants get assured supply of gas either by gas pipeline or any other means. Albeit some restrictive conditions were imposed in terms of the subsidy mechanism that reduces the eligible subsidy, which are discriminatory compared to the recently converted naphtha based urea plants. Therefore the Company has

approached Hon'ble High Court of Delhi seeking remedy and the matter is pending for final hearing. Moreover, the Company is also appropriately representing before the Govt. of India for suitable remedy.

10. SAFETY, HEALTH, ENVIRONMENT AND POLLUTION CONTROL

Safety

The 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 M/s Rams Safety Consultants, Chennai. The 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 were organized for employees.

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' workman. Various training programmes (audio, visual & practical) were conducted both at works and township.

The Company received 2nd Prize in 'Mega Scale Industry' category for adopting Best Safe Practices in the year 2015. The award was instituted by Department of Factories, Boilers, Industrial Safety & Health, Government of Karnataka.

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 the area offices. First aid training programmes were conducted for employees and contract workers. Health awareness programmes on various subjects like acidity, stress management, diet & wellness were conducted for employees by experts.

Voluntary blood donation camp and awareness programme on organ donation was organized at MCF Township for the employees and their family members. Medical consultancy service was extended to neighbouring industries like Cardolite Speciality Chemicals and Total Oil India Limited.

Our medical team has delivered talk on "Occupational Health & Hygiene" in neighboring industries such as MRPL, BASF, Ruchi Soya, Adani Wilmer, OMPL, UB, Primacy in association with Department of Factories, Govt. of Karnataka.

Environmental Pollution Control

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 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 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 purpose. In addition to the existing 64 acres of green belt, the Company has planted 2,000 saplings during 2015-16.

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" in the NP/NPK fertilizer plants excluding captive acids category for the last six years continuously which was instituted by the Fertilizer Association of India (FAI).

As per the Central Pollution Control Board (CPCB) guidelines, the Company has installed online continuous monitoring systems for both liquid effluent and gaseous emissions. Online continuous monitoring system for liquid effluent is installed at the outlet of wastewater treatment plant and online continuous monitoring systems for gaseous emissions are installed for Urea prill tower fan ducts and Diammonium phosphate plant stack. Real time data from all the analyzers are transferred to CPCB server.

11. 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.

12. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR

During the year, four Board Meetings were held on May 29, 2015, August 06, 2015, October 19, 2015 and January 30, 2016.

13. DIRECTORS RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have 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 have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

14. 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 06, 2016.

15. DIRECTORS

The members at the Annual General Meeting held on September 29, 2015 appointed Mr. Akshay Poddar, Mr. N. Suresh Krishnan, Mr. Kapil Mehan, Mr. Arun Duggal and Mr. Narendra Mairpady as Directors of the Company. Mr. S. R. Gupte retired at the Annual General Meeting held on September 29, 2015 and did not seek re-election.

The Board of Directors in its meeting held on October 19, 2015 appointed Mr. V. S. Venkataraman as Additional Director of the Company, who holds office up to the commencement of the ensuing Annual General Meeting. Mr. Deepak Anand expressed his intention to step down from the office of Managing Director at the close of business hours on December 31, 2015 and accordingly the Board appointed Mr. N. Suresh Krishnan as Managing Director for a period of five years with effect from January 01, 2016 to December 31, 2020.

Mr. Srinivasulu Reddy Magunta, Independent Director resigned from the Board with effect from April 05, 2016.

16. DIRECTORS' TRAINING & FAMILIARIZATION

In accordance with the provisions of Regulation 25 (7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had organized a Familiarization Programme for the Independent Directors of the Company. Two new Independent Directors Mr. Arun Duggal and Mr. Narendra Mairpady, visited the Company's plant at Mangalore on December 8, 2015. The management made presentation to the Independent Directors on the nature of the industry and the business model practiced by the Company. The Independent Directors were explained of the various manufacturing activities, viz., Urea, DAP, Ammonia, etc. and were briefed about the end to end production process and operation of the plant.

Also, a programme to familiarize the Independent Directors with the Company, their roles and responsibilities was conducted.

The programme contained presentations and discussions which aimed at familiarizing the Directors of the Company with the latest amendments in the provisions of the Companies Act, 2013, with a focus on provisions relating to Directors and Key Managerial Personnel.

17. PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the performance evaluation of the Board, non Independent Directors and Chairman of the Company by the Independent Directors, performance evaluation by Board of its own and its committees, performance evaluation of Independent Directors by the Board and performance evaluation of every Director by the Nomination and Remuneration Committee was carried out. The evaluation process covered adequacy of the composition of the Board and its Committees, disclosure of information to the Board and Committees, performance of duties and obligations, governance parameters, participation of the members of the Board and the Committees.

There were several changes in the Board of Directors during the year 2015-16 and some of the Directors were not in a position to evaluate the performance of other Directors in view of their limited interaction / participation in the Board / Committees. Based on the evaluation done by the Directors, the performance of the Board, its committees and the Directors was satisfactory and the quality, quantity and timeliness of flow of information between the management and the Board was appreciable.

18. FORENSIC AUDIT OF TRANSACTIONS BY THE COMPANY WITH UB GROUP

The Company had entered into various transactions with entities of UB Group including investment in Bangalore Beverages Limited, Management Services Agreement, Trademark License Agreement and on account payments made to United Breweries (Holdings) Limited. During the year, the Company made a provision for the potential diminution in the value of the investments made by the Company in Bangalore Beverages Limited.

Based on the directions of the Audit Committee, M/s Ernst & Young LLP were engaged to carry out forensic investigation of investments of ₹ 200 crores in Bangalore Beverages Limited by way of subscription to its preference shares and various advances made by the Company to United Breweries (Holdings) Limited of which a sum of ₹ 16.68 crores is outstanding as of March 31, 2016.

Upon completion of its investigations, M/s Ernst & Young LLP has made a presentation to the Board of Directors at its meeting held on May 06, 2016 to the effect that the aforesaid transactions may have involved irregularities and elements of mismanagement in the Company. The Company is taking necessary legal opinion in connection with the findings of M/s Ernst & Young LLP.

19. NOMINATION & REMUNERATION POLICY

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

20. SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES

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

21. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Board of Directors has constituted a CSR Committee and also approved the CSR Policy. CSR Committee comprises of two Independent Directors and a Non-Executive Director.

Terms of Reference:

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

During the year, the Committee met twice on May 29, 2015 and August 06, 2015. The attendance at the meeting was as follows :-

Name of the member	Status	No. of meetings attended
S. R. Gupte	Chairman #	2
Pratap Narayan	Member!	2
Deepak Anand	Member !	2
Narendrda Mairpady	Chairman @	NA
Srinivasulu Reddy Magunta	Member &	2
Kapil Mehan	Member @	NA

Up to 29.09.2015,
! Up to 19.10.2015,
@ w.e.f 19.10.2015,
& Ceased to be member w.e.f 05.04.2016

Based on the recommendation of the CSR Committee, the Company has formulated a comprehensive CSR policy. 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.

22. COMPOSITION OF AUDIT COMMITTEE AND VIGIL MECHANISM

The composition of the Audit Committee during the year is shown in the Corporate Governance Report attached as Annexure 7.

The Company has established a vigil mechanism through 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. No fraud has been reported by the Auditors to the Audit Committee or the Board.

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 is placed on the website of the Company which can be accessed at www.mangalorechemicals.com/investor-whistle-blower-policy.

23. RISK MANAGEMENT

The Company has 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.

24. 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.

25. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the year were at an arm's length basis. All related party transactions are approved by the Audit Committee and the Board of Directors. The details of related party transactions as per Form AOC-2 is enclosed as Annexure 4 to the Directors' Report. There were no related party transactions made by the Company with the Promoters, Directors and KMP which may have a potential conflict with the interest of the Company at large.

26. DEPOSITS

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

27. 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.

28. SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company appointed Mr. S. Kedarnath, Practicing Company Secretary to undertake

the Secretarial Audit of the Company for the year 2015-16. The Secretarial Audit report is annexed herewith as Annexure 5.

29. COST AUDIT

The Company re-appointed Mr. P. R. Tantri, Cost Accountant, Membership No. 2403, as the Cost Auditor for the year 2015-16. The Cost Audit Report for the year ended March 31, 2015 was filed by the Company with the Ministry of Corporate Affairs on October 20, 2015.

30. AUDITORS' REPORT & SECRETARIAL AUDIT REPORT

Emphasis of Matter mentioned in the Auditor's Report on the financial statements read with Note no. 37 to the financial statements, is self-explanatory and do not call for any further comments. There were no qualifications, reservations or adverse remarks made by the Secretarial Auditor in his report.

31. 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.

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

Details pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, shall form part of this report. However, in terms of Section 136 of the 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.

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

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

34. 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 6 attached to this report.

35. CORPORATE GOVERNANCE

The Company is committed to good corporate governance practices. The Board endeavors to adhere to the standards set out by the Securities and Exchange Board of India (SEBI)

on corporate governance practices and accordingly has implemented all the mandatory stipulations.

A detailed corporate governance report in line with the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 regarding the corporate governance practices followed by the Company and the Statutory Auditors' certificate relating to compliance of mandatory requirements along with management discussion and analysis report are given as Annexure 7 and 8.

35. ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere appreciation of the guidance and advice given by Mr. S. R. Gupta and Mr. Srinivasulu Reddy Magunta 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,

May 06, 2016
Gurgaon

Arun Duggal
Chairman

MCF

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Annexure I

Extract of Annual Return as at March 31, 2016

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	L24123KA1966PLC002036
ii.	Registration Date	July 27, 1966
iii.	Name of the Company	Mangalore Chemicals & Fertilizers Limited
iv.	Category / Sub-Category of the Company	Private sector / Public listed company
v.	Address of the Registered office and contact details	Level 11, UB Tower, UB City, No. 24, Vittal Mallya Road, Bangalore, Karnataka, India – 560 001, Ph. No. : 080-3985 5500/6000
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent	Cameo Corporate Services Limited, 'Subramanian Building', No. 1, Club House Road, Chennai – 600 002, Ph. No. : 044-2846 0390

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

The business activities contributing 10 % or more of the total turnover of the Company are as below:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Urea	20121	34.19%
2	Di Ammonium Phosphate (DAP), including imported DAP	20122	26.64%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

The Company is subsidiary of Zuari Fertilisers and Chemicals Limited, which is a wholly owned subsidiary of Zuari Agro Chemicals Limited.

There were no subsidiary and associate companies during the year.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A Shareholding of Promoter and Promoter Group									
1 Indian									
a) Individuals/ Hindu Undivided Family	-	-	-	-	-	-	-	-	-
b) Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	4,55,57,107	-	4,55,57,107	38.44	8,88,86,107	-	8,88,86,107	75.00	36.56
d) Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
e) Any Others(Specify)	-	-	-	-	-	-	-	-	-
Sub Total(A)(1)	4,55,57,107	-	4,55,57,107	38.44	8,88,86,107	-	8,88,86,107	75.00	36.56
2 Foreign									
a) Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-	-	-	-	-	-
b) Bodies Corporate	-	-	-	-	-	-	-	-	-
c) Institutions	-	-	-	-	-	-	-	-	-
d) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
e) Any Others(Specify)	-	-	-	-	-	-	-	-	-
Sub Total(A)(2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	4,55,57,107	-	4,55,57,107	38.44	8,88,86,107	-	8,88,86,107	75.00	36.56

Category of shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
B)	Public shareholding									
I)	Institutions									
a)	Mutual Funds/ UTI	10,582	1,19,375	1,29,957	0.11	10,000	1,19,375	1,29,375	0.11	-
b)	Financial Institutions / Banks	61,873	3,49,806	4,11,679	0.35	6,450	3,47,906	3,54,356	0.30	-0.05
c)	Central Government/ State Government(s)	10,50,000	3,050	10,53,050	0.89	10,50,000	3,050	10,53,050	0.89	-
d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
e)	Insurance Companies	-	5,090	5,090	-	-	5,090	5,090	-	-
f)	Foreign Institutional Investors	4,20,000	-	4,20,000	0.35	10,99,821	-	10,99,821	0.93	0.57
g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
i)	Any Other (specify)									
	Foreign Portfolio Investor (Corporate)	22,000	-	22,000	0.02	-	-	-	-	-0.02
	Sub-Total (B)(I)	15,64,455	4,77,321	20,41,776	1.72	21,66,271	4,75,421	26,41,692	2.23	0.51
2)	Non-institutions									
a)	Bodies Corporate	4,60,83,072	31,08,805	4,91,91,877	41.51	89,95,917	1,13,915	91,09,832	7.69	-33.82
b)	Individuals									
	i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	1,09,37,068	48,99,780	1,58,36,848	13.36	98,99,969	46,82,517	1,45,82,486	12.3	-1.06
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	44,46,457	6,14,992	50,61,449	4.27	19,57,781	6,00,797	25,58,578	2.16	-2.11
c)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
d)	Any Other (specify)									
	Clearing Member	55,125	-	55,125	0.05	25,214	-	25,214	0.02	-0.03
	Foreign Nationals	-	20	20	-	-	20	20	-	-
	Hindu Undivided Families	5,35,098	-	5,35,098	0.45	4,48,053	-	4,48,053	0.38	-0.07
	Non-resident Indians	2,22,865	6,635	2,29,500	0.19	2,51,345	5,635	2,56,980	0.22	0.02
	Societies	-	2,150	2,150	-	-	2,150	2,150	-	-
	Trusts	4,200	-	4,200	-	4,038	-	4,038	-	-
	Sub-Total (B)(2)	6,22,83,885	86,32,382	7,09,16,267	59.84	2,15,82,317	54,05,034	2,69,87,351	22.77	-37.07
	Total Public Shareholding (B)=(B)(I)+(B)(2)	6,38,48,340	91,09,703	7,29,58,043	61.56	2,37,48,588	58,80,455	2,96,29,043	25.00	-36.56
	TOTAL (A)+(B)	10,94,05,447	91,09,703	11,85,15,150	100.00	11,26,34,695	58,80,455	11,85,15,150	100.00	-
C)	Shares held by Custodians and against which Depository Receipts have been issued									
1)	Promoter and promoter Group	-	-	-	-	-	-	-	-	-
2)	Public	-	-	-	-	-	-	-	-	-
3)	Sub-Total (C)	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	10,94,05,447	91,09,703	11,85,15,150	100.00	11,26,34,695	58,80,455	11,85,15,150	100.00	

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Zuari Fertilisers and Chemicals Limited	1,95,14,211	16.47	0	6,28,43,211	53.03	36.10	36.56
2	United Breweries (Holdings) Limited	1,78,36,068	15.05	4.01	1,78,36,068	15.05	4.01	0
3	McDowell Holdings Limited	58,26,828	4.91	0	58,26,828	4.91	0	0
4	Kingfisher Finvest India Limited	23,80,000	2.01	0	23,80,000	2.01	0	0
	TOTAL	4,55,57,107	38.44	4.01	8,88,86,107	75.00	40.11	36.56

iii) **Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.	Name of the Promoter	Date (ddmm/yyyy)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares - purchase (+)/ sale (-)	% of total shares of the company	No. of shares	% of total shares of the company
1	Zuari Fertilisers and Chemicals Limited					
	At the beginning of the year	-	1,95,14,211	16.47	1,95,14,211	16.47
	Purchase	22-05-2015	4,32,65,429	36.51	6,27,79,640	52.97
	Demated	29-05-2015	63,571	0.05	6,28,43,211	53.03
	At the End of the year	-	6,28,43,211	53.03	6,28,43,211	53.03
2	United Breweries (Holdings) Limited NO CHANGE	-	1,78,36,068	15.05	1,78,36,068	15.05
3	McDowell Holdings Limited NO CHANGE	-	58,26,828	4.92	58,26,828	4.92
4	Kingfisher Finvest India Ltd NO CHANGE	-	23,80,000	2.01	23,80,000	2.01

iv) **Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Top 10 Shareholders	Date (ddmm/yyyy)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares - purchase (+)/ sale(-)	% of total shares of the company	No. of shares	% of total shares of the company
1	SCM SOILFERT LIMITED					
	At the beginning of the year	-	3,37,49,623	28.48	3,37,49,623	28.48
		06-04-2015	-13,252	0.01	3,37,36,371	28.46
		10-04-2015	-7,29,973	0.62	3,30,06,398	27.85
		17-04-2015	-2,05,07,476	17.3	1,24,98,922	10.55
		24-04-2015	-24,38,451	2.06	1,00,60,471	8.49
		01-05-2015	-23,67,555	1.10	76,92,916	6.49
		08-05-2015	-76,92,916	6.50	0	0
		22-05-2015	11,95,137	1.01	11,95,137	1.01
		29-05-2015	-3,16,796	0.27	8,78,341	0.74
		26-06-2015	-8,78,341	0.74	0	0
	At the end of the year (or on the date of separation, if separated during the year)	-	0	0	0	0
2	PAYONE ENTERPRISES PRIVATE LIMITED					
	At the beginning of the year	-	27,32,000	2.31	27,32,000	2.31
		17-04-2015	21,90,000	1.85	49,22,000	4.15
		24-04-2015	1,50,000	0.13	50,72,000	4.28
		01-05-2015	-50,72,000	4.28	0	0
		22-05-2015	12,57,130	1.06	12,57,130	1.06
		03-07-2015	10,36,292	0.87	22,93,422	1.94
		10-07-2015	10,00,000	0.84	32,93,422	2.78
		17-07-2015	20,00,000	1.69	52,93,422	4.47
		31-07-2015	1,50,000	0.13	54,43,422	4.59
		25-12-2015	-54,43,422	4.59	0	0
	At the end of the year (or on the date of separation, if separated during the year)	-	0	0	0	0

Sl. No.	Top 10 Shareholders	Date (ddmm/yyyy)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares - purchase (+)/ sale(-)	% of total shares of the company	No. of shares	% of total shares of the company
3	AUM CAPITAL MARKET PVT.LTD					
	At the beginning of the year	-	25,64,478	2.16	25,64,478	2.16
		06-04-2015	-42,400	0.04	25,22,078	2.13
		10-04-2015	-3,499	0	25,18,579	2.13
		24-04-2015	80,000	0.07	25,98,579	1.35
		01-05-2015	-25,98,579	2.19	0	0
		22-05-2015	16,169	0.01	16,169	0.01
		29-05-2015	6,88,686	0.58	7,04,855	0.59
		05-06-2015	-28,000	0.02	6,76,855	0.57
		12-06-2015	20,500	0.02	6,97,355	0.59
		19-06-2015	-87,500	0.07	6,09,855	0.51
		26-06-2015	-13,401	0.01	5,96,454	0.50
		03-07-2015	-2,26,000	0.19	3,70,454	0.31
		10-07-2015	16,000	0.01	3,86,454	0.33
		17-07-2015	-13,000	0.01	3,73,454	0.32
		24-07-2015	3,000	0	3,76,454	0.32
		31-07-2015	-6	0	3,76,448	0.32
		14-08-2015	1,000	0	3,77,448	0.32
		28-08-2015	963	0	3,78,411	0.32
		04-09-2015	37	0	3,78,448	0.32
		11-09-2015	1,513	0	3,79,961	0.32
		25-09-2015	99,637	0.08	4,79,598	0.40
		30-09-2015	2,85,000	0.24	7,64,598	0.65
		09-10-2015	-90,000	0.08	6,74,598	0.57
		16-10-2015	90,000	0.08	7,64,598	0.65
		30-10-2015	-50,000	0.04	7,14,598	0.60
		06-11-2015	3,000	0	7,17,598	0.61
		13-11-2015	1,50,943	0.13	8,68,541	0.73
		20-11-2015	3,000	0	8,71,541	0.74
		04-12-2015	400	0	8,71,941	0.74
		18-12-2015	-43,400	0.04	8,28,541	0.70
		25-12-2015	-18,540	0.02	8,10,001	0.68
		31-12-2015	33,000	0.03	8,43,001	0.71
		22-01-2016	2,900	0	8,45,901	0.71
		29-01-2016	-2	0	8,45,899	0.71
		12-02-2016	715	0	8,46,614	0.71
		19-02-2016	-1,613	0	8,45,001	0.71
		18-03-2016	2,491	0	8,47,492	0.72
		25-03-2016	3,200	0	8,50,692	0.72
		31-03-2016	1,500	0	8,52,192	0.72
	At the end of the year (or on the date of separation, if separated during the year)	-	8,52,192	0.72	8,52,192	0.72
4	JMS MINING SERVICES PRIVATE LIMITED					
	At the beginning of the year	-	10,53,779	0.89	10,53,779	0.89
		17-04-2015	6,10,839	0.52	16,64,618	1.40
		24-04-2015	-16,64,618	1.40	0	0
		22-05-2015	3,46,208	0.29	3,46,208	0.29
		10-07-2015	-2,25,372	0.19	1,20,836	0.10
		17-10-2015	-1,20,836	0.10	0	0
	At the end of the year (or on the date of separation, if separated during the year)	-	0	0	0	0

Sl. No.	Top 10 Shareholders	Date (ddmm/yyyy)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares - purchase (+)/ sale(-)	% of total shares of the company	No. of shares	% of total shares of the company
5	MICROSEC CAPITAL LIMITED					
	At the beginning of the year	-	7,50,000	0.63	7,50,000	0.63
		08-05-2015	-7,50,000	0.63	0	0
		12-06-2015	25	0	25	0
		19-06-2015	-25	0	0	0
		23-10-2015	1,000	0	1,000	0
		30-10-2015	-1,000	0	0	0
		31-12-2015	1,259	0	1,259	0
		01-01-2016	-150	0	1,109	0
		08-01-2016	-550	0	559	0
		26-02-2016	-500	0	59	0
		31-03-2016	-59	0	0	0
	At the end of the year (or on the date of separation, if separated during the year)	-	0	0	0	0
6	MOTILAL OSWAL FINANCIAL SERVICES LIMITED					
	At the beginning of the year	-	6,20,200	0.52	6,20,200	0.52
		17-04-2015	500	0	6,20,700	0.52
		24-04-2015	-6,20,079	0.52	621	0
		01-05-2015	-200	0	421	0
		08-05-2015	500	0	921	0
		15-05-2015	-500	0	421	0
		22-05-2015	22	0	443	0
		29-05-2015	383	0	826	0
		05-06-2015	-126	0	700	0
		12-06-2015	42,622	0.04	43,322	0.04
		19-06-2015	-43,322	0.04	0	0
		30-06-2015	17,251	0.02	17,251	0.01
		03-07-2015	-17,251	0.02	0	0
		24-07-2015	115	0	115	0
		14-08-2015	500	0	615	0
		11-09-2015	300	0	915	0
		18-09-2015	-300	0	615	0
		22-09-2015	-188	0	427	0
		25-09-2015	188	0	615	0
		30-09-2015	-354	0	261	0
		09-10-2015	-146	0	115	0
		16-10-2015	500	0	615	0
		23-10-2015	-500	0	115	0
		30-10-2015	500	0	615	0
		06-11-2015	-500	0	115	0
		13-11-2015	500	0	615	0
		04-12-2015	-500	0	115	0
		18-12-2015	500	0	615	0
		25-12-2015	-500	0	115	0
		08-01-2016	500	0	615	0
		15-01-2016	-500	0	115	0
		22-01-2016	800	0	915	0
		12-02-2016	-300	0	615	0
	At the end of the year (or on the date of separation, if separated during the year)	-	615	0	615	0
7	KIRAN VYAPAR LIMITED					
	At the beginning of the year	-	10,00,000	0.85	10,00,000	0.85
		08-05-2015	-10,00,000	0.85	0	0
		22-05-2015	1,28,779	0.11	1,28,779	0.11
		30-06-2015	-51,317	0.04	77,462	0.07
		03-07-2015	-2,467	0	74,995	0.06
	At the end of the year (or on the date of separation, if separated during the year)	-	74,995	0.06	74,995	0.06
8	GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED					
	At the beginning of the year	-	5,79,000	0.49	5,79,000	0.49
	At the end of the year (or on the date of separation, if separated during the year)	-	5,79,000	0.49	5,79,000	0.49

Sl. No.	Top 10 Shareholders	Date (ddmm/yyyy)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares - purchase (+)/ sale(-)	% of total shares of the company	No. of shares	% of total shares of the company
9	ASHOK KUMAR DAMANI					
	At the beginning of the year	-	5,31,841	0.45	5,31,841	0.45
		01-05-2015	35,000	0.03	5,66,841	0.48
		08-05-2015	-5,66,841	0.48	0	0
		22-05-2015	1,06,968	0.09	1,06,968	0.09
		10-07-2015	-1,06,968	0.09	0	0
	At the end of the year (or on the date of separation, if separated during the year)	-	0	0	0	0
10	SYSTEMATIX FINCORP INDIA LIMITED					
	At the beginning of the year	-	6,71,000	0.57	6,71,000	0.57
		17-04-2015	-99,002	0.08	5,71,998	0.34
		24-04-2015	-4,14,719	0.35	1,57,279	0.13
		01-05-2015	-1,57,279	0.13	0	0
	At the end of the year (or on the date of separation, if separated during the year)	-	0	0	0	0

v) Shareholding of Directors and Key Managerial Personnel:

None of the Directors and Key Managerial Personnel have held shares in the Company during the year 2015 -16.

v) INDEBTEDNESS

(₹ in lakhs)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,00,892.71	8,737.87	-	1,09,630.58
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	247.19	295.41	-	542.60
Total (i+ii+iii)	1,01,139.90	9,033.28	-	1,10,173.18
Change in Indebtedness during the financial year				
Addition	36,603.47	60.43	-	36,663.90
Reduction	3,334.83	3,386.11	-	6,720.94
Net Change	33,268.64	-3,325.68	-	29,942.97
Indebtedness at the end of the financial year				
i) Principal Amount	1,34,060.67	5,647.17	-	1,39,707.84
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	347.88	60.43	-	408.31
Total (i+ii+iii)	1,34,408.55	5,707.60	-	1,40,116.15

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in lakhs)

Sl. no	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Deepak Anand*	K. Prabhakar Rao	N. Suresh Krishnan*	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.00	55.28	Nil	55.28
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	9.60	Nil	9.60
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission - as % of profit - others, specify...	Nil	Nil	Nil	Nil
5	Others (Retirement benefits)	Nil	8.75	Nil	8.75
	Total (A)	0.00	73.63	Nil	73.63
	Ceiling as per the Act	63.73			

* Mr. Deepak Anand, Managing Director, received a nominal remuneration of ₹ 1/- per month. Mr. N. Suresh Krishnan is not paid any remuneration.

B. Remuneration to other Directors:

(₹ in lakhs)

Sl. No.	Particulars of remuneration	Name of the Director												Total Amount
		Arun Duggal	Narendra Mairpady	Pratap Narayan	Srinivasulu Reddy Magunta	S R Gupte	Ritu Mallya	Kapil Mehan	Akshay Poddar	Depak Anand	N Suresh Krishnan	V S Venkata-raman	Naveen Kapoor*	
1	Independent Directors													
	o Fee for attending board committee meetings	0.65	1.05	2.10	0.85	-	-	-	-	-	-	-	-	4.65
	o Commission	-	-	-	-	-	-	-	-	-	-	-	-	-
	o Others, please specify	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total (1)	0.65	1.05	2.10	0.85	-	-	-	-	-	-	-	-	4.65
2	Other Non-Executive Directors													
	o Fee for attending board committee meetings	-	-	-	-	0.80	0.40	1.05	0.20	-	-	-	0.20	2.65
	o Commission	-	-	-	-	-	-	-	-	-	-	-	-	-
	o Others, please specify	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Total (2)					0.80	0.40	1.05	0.20	-	-	-	0.20	2.65
4	Total (B)=(1+2)	0.65	1.05	2.10	0.85	0.80	0.40	1.05	0.20	-	-	-	0.20	7.30
5	Total Managerial Remuneration	73.63												
6	Overall Ceiling as per the Act	63.73												

* Appointed as Alternate Director to Mr. Akshay Poddar w.e.f October 19, 2015 and vacated the office w.e.f December 16, 2015.

C. Remuneration to Key Managerial Personnel other than MD/ Manager / WTD

(₹ in lakhs)

Sl. no.	Particulars of Remuneration	Name of the key managerial personnel			Total Amount
		T. M. Muralidharan (CFO)	K. Raghuvveeran* (Company Secretary)	Vijayamahantesh Khannur** (Company Secretary)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	36.26	12.94	13.37	62.57
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	7.53	3.00	0.52	11.05
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission - as % of profit - others, specify	Nil	Nil	Nil	Nil
5	Others (Retirement benefits)	2.89	Nil	0.74	3.63
	Total	46.68	15.94	14.63	77.25

* Up to June 30, 2015

** From Aug 06, 2015

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalties/ punishment/compounding of offences for breach of any Section of the Companies Act, against the Company or its Directors or other officers in default, during the year.

Annexure 2

Nomination & Remuneration Policy

1. PREAMBLE

This policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management (Nomination and Remuneration Policy) has been formulated by the Nomination and Remuneration Committee, in pursuance of Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and approved by the Board of Directors.

2. DEFINITIONS

“Board” means Board of Directors of the Company
“Company” means Mangalore Chemicals & Fertilizers Limited
“Directors” mean Directors of the Company.

“Key Managerial Personnel” means

- Chief Executive Officer or the Managing Director or the Manager;
- Whole-time Director;
- Chief Financial Officer;
- Company Secretary; and
- Such other officer as may be prescribed.

“Nomination and Remuneration Committee” means Committee of Board of Directors of the Company constituted as per the provisions of Section 178 of the Companies Act, 2013 and the Rules made thereunder.

“Senior Management” means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the Executive Directors, including the functional heads.

3. NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors shall constitute a Nomination and Remuneration Committee in accordance with the requirements of Section 178 of the Companies Act, 2013, the Companies (Meeting of Board and its Powers) Rules, 2014 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

4. ROLE OF NOMINATION AND REMUNERATION COMMITTEE

The role of the committee shall, inter-alia, include the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, KMP and Senior Management;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Formulation of process for grant, allot, issue, administer, cancel and forfeit employees' stock options under any ESOP schemes of the Company and to exercise such powers as conferred by the Board of Directors from time to time;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy, and recommend to the Board their appointment and removal.

5. GUIDELINES ON NOMINATION AND REMUNERATION

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- The Company should ensure that the person so appointed as Director/Independent Director/KMP/Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, SEBI (Listing Obligations & Disclosure Requirements)

Regulations, 2015 or any other enactment(s) for the time being in force.

- The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act 2013, rules made thereunder, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 or any other enactment for the time being in force.
- The Board of Directors shall decide the term or the tenure of individual Directors and KMP, which shall be subject to the provisions of the Companies Act, 2013 and the applicable Rules made there under and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
- The Committee shall carry out evaluation of performance of every Director and KMP.
- The sitting fees of the Independent Directors shall be determined by the Board and shall be within the limits prescribed under the provisions of the Companies Act, 2013 and the Rules made thereunder.
- The remuneration and commission to be paid to the Whole-time Director/s shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013.
- The Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel, if any Director, KMP or Senior Management Personnel suffers any disqualification under the Companies Act, 2013, or under any other applicable Acts and rules thereunder.
- The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.
- The Board of Directors shall have the optimum combination of Directors from the different areas to have diversified board composition.
- A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

6. AMENDMENTS TO THE POLICY

The Board of Directors, on its own and/or as per the recommendations of the Nomination and Remuneration Committee can amend this Policy as and when deemed fit. Any or all provisions of this Policy would be subject to revision/amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc., issued by the relevant authorities, which make the provisions laid down under this Policy inconsistent with such amendment(s), clarification(s), circular(s) etc., then such amendment(s), clarification(s), circular(s) etc., shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

7. GOVERNING LAW

This Policy shall be governed by the Companies Act, 2013 read with Rules made thereunder, as may be in force for the time being as well as SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 or such other Rules/Regulations, as may be notified by SEBI from time to time.

Annual Report on CSR Activities

1. A brief outline of the Company's CSR policy and overview of projects to be undertaken

Corporate Social Responsibility Policy (CSR Policy) of Mangalore Chemicals & Fertilizers Limited (MCFL) encompasses the Company's philosophy to discharge its social responsibility in the up-liftment/development of the communities in its operating territory and mechanism for undertaking CSR activities/projects/programs with reference to provisions and Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The CSR policy of the Company provides for following areas of focus and activities.

Focus Area	Activities
Health Care	<ul style="list-style-type: none"> Project Eye Care Human Health Camps Animal Health Camps
Education	<ul style="list-style-type: none"> Mangala Akshara Mitra Helping school for special children
Sports, Arts and Culture	<ul style="list-style-type: none"> Raitha Dasara – Rural sports Identify and promote nationally recognized sports
Community Development	<ul style="list-style-type: none"> Assistance to tribal community

The CSR Policy is available on the website of the Company which can be accessed on the weblink: www.mangalorechemicals.com/investor-csr-policy.asp?links=csr

2. The Composition of the CSR Committee:

Name of the member	Status
S. R. Gupte	Chairman #
Pratap Narayan	Member*
Deepak Anand	Member*
Narendrda Mairpady	Chairman **
Srinivasulu Reddy Magunta	Member***
Kapil Mehan	Member **

Up to 29.09.2015

* Up to 19.10.2015

** w.e.f 19.10.2015

*** Up to 05.04.2016

3. Average net profit of the company for last three financial years: ₹ 60.36 crores
4. Prescribed CSR Expenditure (2% of the amount as in item 3 above): ₹ 1.21 crores
5. Details of CSR spent during the financial year.

- a) Total amount spent for the financial year 2015-16: ₹ 1.21 crores
b) Amount unspent: Nil
c) Manner in which the amount spent during the financial year is detailed below.

1	2	3	4	5	6	7	8
Sl. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs were undertaken	Amount outlay (budget) project or wise (₹ in Cr.)	Amount spent on the projects or programs (₹ in Cr.)	Cumulative expenditure upto to the reporting period (₹ in Cr.)	Amount spent: Direct or through implementing agency
1	Mangala Akshara Mitra	Promotion of Education	Local Area in which Company is operating	0.79	0.79	0.79	Direct
2	Swacha Vidyalaya	Sanitation & Drinking water	Local Area in which Company is operating	0.33	0.33	0.33	Direct
3	Eye Care	Health Care	Local Area in which Company is operating	0.09	0.09	0.09	Direct
4	Sponsorship & Donations	Promotion of Art & Culture, Education, Sports and upliftment of society	Local Area in which Company is operating	-	-	-	Direct
TOTAL				1.21	1.21	1.21	

6. The Company has spent ₹ 1.21 crores against the prescribed CSR expenditure of ₹ 1.21 crores.
7. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

N. Suresh Krishnan
Managing Director

Narendra Mairpady
Chairman, CSR Committee

Annexure 4

Form No. AOC - 2

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

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

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

There were no contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 which are not at arm's length basis during the year ended March 31, 2016.

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

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements transactions	Durations of the contracts/ arrangements/ transactions	Salient terms of the contracts/ arrangements/ transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advance, if any
(a)	(b)	(c)	(d)	(e)	(f)
Zuari Agro Chemicals Limited	Purchase of goods	Not applicable	Based on prevailing market conditions and is at arm's length basis	Not applicable	Nil

For and on behalf of the Board of Directors,

Arun Duggal
Chairman

May 06, 2016
Gurgaon

Secretarial Audit Report

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the
Companies (Appointment and Remuneration Personnel) Rules, 2014]
(FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016)

To,
The Members,
Mangalore Chemicals and Fertilizers Limited,
Bengaluru – 560001.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mangalore Chemicals and Fertilizers Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion there on.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (d) SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. (LODR Regulations)

However, there were no issues during the year requiring specific compliance under the provisions of the following Regulations and Guidelines:-

- (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (f) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (g) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) I further report that based on the information received and records maintained the Company has, in my opinion, complied with the provisions of:

- a) The Fertilizer (Control) Order 1985
- b) The Fertilizer (Movement Control) Order, 1973
- c) Essential Commodities Act, 1955
- d) The Competition Act, 2002
- e) The Environmental Protection Act, 1986.
- f) The Water (Prevention and control of Pollution) Act, 1974.
- g) The Air (Prevention and control of Pollution) Act, 1981.
- h) The Hazardous Waste (Management and Handling) Rules, 1989.
- i) The Factories Act, 1948
- j) Indian boilers Act, 1923.
- k) Legal Metrology Act, 2009
- l) Industrial and Labour laws as applicable to the company.

I have also examined compliance with the applicable clauses of:

- (i) Secretarial Standards SS-I and SS-2 as applicable from 1st July 2015 issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). Further the Company has signed new listing agreement/s with the Stock Exchanges pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as applicable to the Company with effect from 1st March 2016.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

The Company has complied with the requirements of provisions governing Corporate Social Responsibility.

'Annexure - A'

As represented by the management, Independent Directors have complied with the provisions of Schedule IV with respect to Independent Directors meeting through a questionnaire on the performance of non-independent directors and of the Board without a meeting during the year under review.

Based on representation of management, I further report that the information required pursuant to Section 197 (12) read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 was made available for inspection of Members at the Registered Office of the Company.

Adequate notice was given to all directors to schedule the Board / Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

I further report that the Company has developed and implemented adequate systems and processes commensurate with its size and operations to effectively monitor and ensure compliance with applicable laws, rules, regulations and guidelines and also the process and procedure in place to assist in minimizing exposure to risk that threaten the existence of the Company.

I further report that during the audit period there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc

Place : BENGALURU
Date : 5th May 2016

S. KEDARNATH
Company Secretary
FCS No 3031, CP No 4422

Note: This report is to be read with our letter of even date which is annexed as 'Annexure - A' and forms an integral part of this report.

To,
The Members,
Mangalore Chemicals and Fertilizers Limited,
Bengaluru – 560001.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit..
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, we followed provide a reasonable basis for my opinion.
3. I have neither verified nor reported about the compliances relating to appropriateness of Books of Account, Financial Records, Central Excise and Customs Law, Sales Tax Laws and other related enactments including cost Accounting Records etc.,.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
6. The secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place : BENGALURU
Date : 5th May 2016

S. KEDARNATH
Company Secretary
FCS No 3031, CP No 4422

Annexure 6

Conservation of energy, Research and Development, Technology Absorption, Foreign exchange earnings and outgo

CONSERVATION OF ENERGY

A. Power and Fuel Consumption

Sl. No.	Description	Unit	Current Year 2015-16	Previous Year 2014-15
I. Electricity				
A. Purchased Units		Lakh kwh	130.78	134.90
	Total Amount (Including minimum demand charges)	₹ Lakh	915.10	970.42
	Minimum Demand Charges	₹ Lakh	107.10	114.54
	Unit Rate: (Excluding minimum demand charges)	₹/kwh	6.18	6.34
B. Own Generation				
	Through Generator			
	Units	Lakh kwh (Net)	2,465.06	1,613.50
	Units per litre of furnace oil	kwh/L	4.18	4.17
	Unit Cost	₹/kwh	7.14	12.06
2. Furnace Oil		kl	58,901.57	38,688.68
	Total Amount	₹ Lakh	13,742.17	16,519.45
	Average Rate	₹/kl	23,330.74	42,698.42

B. Consumption per unit of Production

Description	Unit	Current Year 2015-16	Previous Year 2014-15
Products (with details)			
Electricity (per metric ton) - Urea	kwh	643	684
- DAP	kwh	57	52
- 20:20:00:13	kwh	57	46
Furnace Oil (per metric ton) - Urea	kl	0.046	0.047
- DAP	kl	0.004	0.004
- 20:20:00:13	kl	0.006	0.006

RESEARCH AND DEVELOPMENT & TECHNOLOGY ABSORPTION

A. Research and Development

- Specific areas in which R&D were carried out by the Company : Following New products were formulated and developed in SNF plant
 - ChemCFNL SNF Liquid- SF 51, SF 51 has been produced and sold in the market.
- Benefits derived as a result of the above R&D : Increased MCF product portfolio in construction chemicals market.
- Future plan of action : Indigenization of imported equipment and development of new products.
- Expenditure on R&D : No separate account is maintained.

B. Technology absorption, adaptation and innovation

- Efforts, in brief, made towards technology absorption, adaptation and innovation :
 - Segregation of non urea bearing ammonia plant effluent from urea plant effluent and feeding directly to secondary desorber instead of 1st desorber.
 - Sending 2nd stage evaporator condensate directly to condensate system without intermediate flashing & cooling in Urea plant.
 - Usage of Oxygen free deaerated Boiler Feed Water in lieu of DM water in closed circuit jacket cooling of CO₂ compressors.
- Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution :
 - Lower load on Urea Hydrolyzer system and effective effluent treatment.
 - Recovery of Heat available in condensate.
 - Improved operating life by reducing corrosion.
- In case of imported technology following information may be furnished. : Not applicable

FOREIGN EXCHANGE EARNINGS & OUTGO 2015-16

Foreign Exchange earned : ₹ 2.74 crores
Foreign Exchange used : ₹ 893.26 crores

Annexure 7

Corporate Governance Report

I. COMPANY'S PHILOSOPHY ON THE CODE OF CORPORATE GOVERNANCE

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

2. BOARD OF DIRECTORS

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

During the year, four Board Meetings were held on: May 29, 2015, August 06, 2015, October 19, 2015 and January 30, 2016.

Attendance of each Director at the Board of Directors' Meetings and at the last Annual General Meeting along with the number of other Companies and Committees where the Director is a Chairman/Member is given hereunder:

Name of Director	Category@	No. of Directorships in other Companies* as on 31.03.2016	No. of Board Meetings Attended	No. of shares held	Attendance at last Annual General Meeting	No. of Board Committees of other Companies** as on 31.03.2016	
						Chairman	Member
Akshay Poddar#	Promoter / NED	14	1	Nil	NA	1	4
Arun Duggal#	Chairman / ID	6	2	Nil	NA	1	4
Deepak Anand\$	Promoter / NED	1	3	Nil	Yes	-	-
Kapil Mehan#	Promoter / NED	6	2	Nil	NA	1	-
K. Prabhakar Rao	WTD	-	4	Nil	Yes	-	-
N. Suresh Krishnan#\$	MD	8	2	Nil	NA	1	6
Narendra Mairpady#	ID	8	2	Nil	NA	3	4
Pratap Narayan	ID	-	4	Nil	Yes	-	-
Ritu Mallya	Promoter / NED	-	2	Nil	Yes	-	-
Srinivasulu Reddy Magunta!	ID	10	2	Nil	Yes	2	-
V. S. Venkataraman ^	Promoter / NED	-	-	Nil	NA	-	-
S. R. Gupte&	Promoter / NED	5	2	Nil	Yes	2	-
Naveen Kumar Kapoor+	Alternate / NED	4	1	Nil	NA	-	-

@MD-Managing Director, ID-Independent Director, NED-Non-Executive Director, WTD - Whole-Time Director, Alternate-Alternate Director

* Includes Directorship in other public and private Companies

** Includes Audit Committee and Stakeholders' Relationship Committee

Appointed as Director w.e.f 29.09.2015

\$ Deepak Anand ceased to be Managing Director w.e.f 01.01.2016 and N. Suresh Krishnan is appointed as Managing Director w.e.f 01.01.2016

^ Appointed as Additional Director w.e.f 19.10.2015

& Ceased to be Director w.e.f 29.09.2015

! Ceased to be Director w.e.f 05.04.2016

+ Appointed as Alternate Director to Mr. Akshay Poddar w.e.f 19.10.2015 and vacated the office w.e.f 16.12.2015.

None of the Directors are related to each other.

Independent Directors' Familiarization Programme

The Company in compliance with Regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 formulated programs to familiarize the Independent Directors, with the Company, nature of the industry, business model and their roles and responsibilities. The Independent Directors are given detailed presentation on the operations of the Company on quarterly basis at the meetings of the Board/ Committees. The details of the familiarization programme have been disclosed on the Company's website www.mangalorechemicals.com.

Independent Directors' Meeting:

A separate meeting of the Independent Directors was held to discuss:

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

3. AUDIT COMMITTEE

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

- The Audit Committee shall meet at least 4 times in a year.
- The quorum for the meetings shall be at least 2 Independent Directors and Chairman of the meeting shall be an Independent Director.
- The Audit Committee shall have the powers to investigate any financial activity, seek information from any employee, obtain outside legal or professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.
- The role of Audit Committee and the information that the Audit Committee shall review will be as specified in Section 177 of the Companies Act, 2013 read with rules made thereunder and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Part C of Schedule II.
- The Company Secretary shall act as the secretary to the Audit Committee.

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

During the year, five meetings of the Audit Committee were held on May 29, 2015, August 06, 2015, October 19, 2015, January 30, 2016 and March 09, 2016.

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

Name of the Director	Status	No. of meetings attended
Pratap Narayan	Chairman	5
Arun Duggal#	Member	1
Narendra Mairpady@	Member	3
Srinivasulu Reddy Magunta!	Member	2
Kapil Mehan@	Member	3
S. R. Gupte&	Member	2

@ Appointed w.e.f 19.10.2015

Appointed w.e.f 22.02.2016

& Ceased to be member w.e.f 29.09.2015

! Ceased to be member w.e.f 05.04.2016

4. NOMINATION AND REMUNERATION COMMITTEE

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

- The Nomination and Remuneration Committee shall meet at such intervals as may be necessary to discharge its functions
- The quorum for the meetings shall be at least 2 members and Chairman of the meeting shall be an Independent Director
- The role of Nomination and Remuneration Committee shall be as specified in Section 178 of the Companies Act, 2013 read with rules made there under and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Part D of Schedule II.

During the year, three meetings of the Nomination and Remuneration Committee were held on August 06, 2015, October 19, 2015 and January 30, 2016.

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

Name of the Director	Status	No. of meetings attended
Pratap Narayan	Chairman	3
Narendra Mairpady@	Member	2
Kapil Mehan@	Member	2
S. R. Gupte&	Member	1
Srinivasulu Reddy Magunta!	Member	1

@ Appointed w.e.f 19.10.2015

& Ceased to be member w.e.f 29.09.2015

! Ceased to be member w.e.f 19.10.2015

Performance evaluation criteria for Independent Directors

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

5. REMUNERATION OF DIRECTORS

The Company did not have any pecuniary relationship or transaction with any Non-Executive Directors during the year 2015-16.

Remuneration by way of sitting fees paid to the Non-Executive Directors during the financial year ended March 31, 2016 for attending the meetings of the Board and the Committees. Payment of remuneration to the Managing Director and Whole-Time Director was as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors and the Shareholders.

The details of the remuneration to the Directors is given below.

(₹ in lakhs)

Name of the Director	Salary	Sitting fees	Perquisites	Stock Options	Bonus	Retirement benefits	Terms of service contract
Mr. Arun Duggal#	Nil	0.65	Nil	Nil	Nil	Nil	Appointment as Independent Director for a period of 5 years w.e.f 29.09.2015
Mr.N Suresh Krishnan#\$	Nil	NA	Nil	Nil	Nil	Nil	Appointment as Managing Director for a period of 5 years w.e.f 01.01.2016 to 31.12.2020. Termination with 6 months notice by either party
Mr. Akshay Poddar#	Nil	0.20	Nil	Nil	Nil	Nil	Director liable to retire by rotation
Ms. Ritu Mallya	Nil	0.40	Nil	Nil	Nil	Nil	Director not liable to retire by rotation
Mr. Kapil Mehan#	Nil	1.05	Nil	Nil	Nil	Nil	Director liable to retire by rotation
Mr. Deepak Anand\$	Nil	Nil	Nil	Nil	Nil	Nil	Director not liable to retire by rotation
Mr. Pratap Narayan	Nil	2.10	Nil	Nil	Nil	Nil	Appointment as Independent Director for a period of 5 years w.e.f 04.09.2014
Mr. Narendra Mairpady#	Nil	1.05	Nil	Nil	Nil	Nil	Appointment as Independent Director for a period of 5 years w.e.f 29.09.2015
Mr. Srinivasulu Reddy Magunta!	Nil	0.85	Nil	Nil	Nil	Nil	Appointment as Independent Director for a period of 5 years w.e.f 07.08.2014
Mr. VS Venkataraman ^	Nil	Nil	Nil	Nil	Nil	Nil	Director liable to retire by rotation
Mr. K. Prabhakar Rao	55.28	NA	9.60	Nil	Nil	8.75	Appointment as Director - Works for 2 years w.e.f 19.10.2015 to 18.10.2017. Termination with 6 months notice by either party
Mr. S.R Gupte&	Nil	0.80	Nil	Nil	Nil	Nil	Director liable to retire by rotation
Mr. Naveen Kumar Kapoor+	Nil	0.20	Nil	Nil	Nil	Nil	Alternate Director

Appointed as Director w.e.f 29.09.2015

\$ Deepak Anand ceased to be Managing Director w.e.f 01.01.2016 and N Suresh Krishnan is appointed as Managing Director w.e.f 01.01.2016

^ Appointed as Additional Director w.e.f 19.10.2015

& Ceased to be Director w.e.f 29.09.2015

! Ceased to be Director w.e.f 05.04.2016

+ Appointed as Alternate Director to Mr. Akshay Poddar w.e.f 19.10.2015 and vacated the office w.e.f 16.12.2015.

6. STAKEHOLDERS' RELATIONSHIP COMMITTEE

As on March 31, 2016, the Stakeholders' Relationship Committee was headed by Mr. Pratap Narayan, an Independent Director. Mr. Vijayamahantesh Khannur, Company Secretary is the Compliance Officer. The terms of reference of the Stakeholders' Relationship Committee are as per Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Section 178 of the Companies Act, 2013 and includes such other functions as may be assigned to it by the Board from time to time.

The Committee comprises of

- Mr. Pratap Narayan, Chairman
- Mr. Srinivasulu Reddy Magunta, Member!
- Mr. N. Suresh Krishnan, Member

! Ceased to be member with effect from 05.04.2016

During the year ended March 31, 2016, 22 shareholders' complaints were received of which 20 were redressed to the satisfaction of the shareholders and the remaining 2 were redressed in the month of April 2016.

7. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading in the shares of the Company, pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. The Board has designated the Company Secretary, as the Compliance Officer and authorized the Managing Director to monitor the compliance of the aforesaid regulations.

8. CODE OF BUSINESS CONDUCT AND ETHICS

The Company has in place, a Code of Business Conduct and Ethics for its board members and the senior management, which has been posted on the Company's website. The board and the senior management affirm compliance with the code, annually.

9. GENERAL MEETINGS

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

Date	Time	Venue	Special Resolutions Passed
September 29, 2015	10.30 am	Conference Hall, 1 st Floor, UB Tower, UB City, No. 24, Vittal Mallya Road, Bangalore – 560 001	None
September 04, 2014	3.15 pm	Good Shepherd Auditorium Opposite St. Joseph's Pre-University College, Field Marshal K.M Cariappa Road, (Residency Road), Bangalore – 560 025	Approval of borrowing powers as required under Section 180(1) (c) of the Companies Act, 2013
September 24, 2013	2.45 pm	Good Shepherd Auditorium Opposite St. Joseph's Pre-University College, Field Marshal K.M Cariappa Road, (Residency Road), Bangalore – 560 025	None

Special Resolutions passed through Postal Ballot

The Company has not passed any special resolution through Postal Ballot during the year ended March 31, 2016. None of the items to be transacted at the ensuing Annual General Meeting is required to be passed by Postal Ballot.

10. MEANS OF COMMUNICATION

The quarterly financial results are normally published in Business Line, an English daily as well as Sanjevani, a vernacular daily. The results are also posted on the Company's website: www.mangalorechemicals.com. The Company doesn't publish any official news release and makes no presentation to institutional investors or to the analysts.

11. GENERAL SHAREHOLDER INFORMATION

a. Annual General Meeting

The Forty Ninth Annual General Meeting of the Company will be held on **September 27, 2016 at 10.30 AM** at Conference Hall, 1st Floor, UB Tower, UB City, No. 24, Vittal Mallya Road, Bangalore – 560 001.

b. Financial Year

Financial Year – April 1 to March 31

Financial reporting during the year 2016-17

Quarter ending	Declaration of un-audited/audited financial results
30.06.2016	within 45 days of the end of the quarter or such prescribed period
30.09.2016	within 45 days of the end of the quarter or such prescribed period
31.12.2016	within 45 days of the end of the quarter or such prescribed period
31.03.2017	within 60 days of the end of the quarter or such prescribed period

c. **Book closure dates:** September 20, 2016 to September 27, 2016 (both days inclusive).

d. **Dividend payment date:** No dividend is proposed.

e. Listing on the Stock Exchanges

The Company's shares are presently listed on the following Stock Exchanges:

BSE Limited (Bombay Stock Exchange)
Phiroze Jeejeebhoy Towers
Dalal Street, MUMBAI – 400 023

National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (E), MUMBAI – 400 051

The Company has paid the annual listing fees to the stock exchanges and the custodial fees to NSDL and CDSL for the financial year 2015-16.

f. Stock Code

BSE Limited (Bombay Stock Exchange): 530011

National Stock Exchange of India Limited: MANGCHEFER

International Standard Identification Number (ISIN): INE558B01017

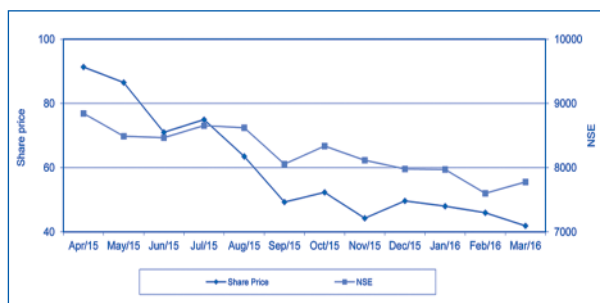
g. Market Price Data

The monthly high and low quotations at the BSE (Bombay Stock Exchange) and NSE (National Stock Exchange) during the year under review are given below:

Month & Year	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2015	90.50	84.05	91.35	85.50
May 2015	86.55	57.25	86.50	57.05
June 2015	71.75	51.20	71.00	52.00
July 2015	73.00	59.25	74.95	59.40
August 2015	63.30	46.50	63.50	46.00
September 2015	51.00	40.00	49.30	41.00
October 2015	49.85	41.05	52.30	41.10
November 2015	44.50	40.00	44.25	38.75
December 2015	49.90	40.00	49.65	40.50
January 2016	48.70	38.45	48.00	38.30
February 2016	49.50	35.30	45.95	37.00
March 2016	42.00	36.50	41.90	36.40

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

h. Performance in comparison to BSE Sensex and Nifty 50



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

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

j. Registrars and Share Transfer Agents

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

k. Share Transfer System

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

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

l. Shareholding Pattern as on March 31, 2016

Category	No. of Shareholders	No. of Equity Shares	% of shareholding
Promoters	4	8,88,86,107	75.00
Banks, FIs, Insurance Companies	316	3,59,446	0.30
FIs	2	10,99,821	0.93
Private Corporate Bodies	522	91,09,832	7.69
Indian Public	56,365	1,75,89,117	14.84
NRI/OCBs	239	2,57,000	0.22
Others	70	12,13,827	1.02
Grand Total	57,518	11,85,15,150	100.00

Distribution of shareholding as on March 31, 2016

	No. of Shareholders	No. of Equity Shares	%
Upto 1000	55,434	1,05,08,082	8.87
1001 - 5000	1,801	39,81,463	3.36
5001 - 10000	158	12,14,650	1.02
10001 - 20000	68	10,27,050	0.87
20001 - 30000	14	3,77,244	0.32
30001 - 40000	8	2,87,413	0.24
40001 - 50000	6	2,80,225	0.23
50001 - 100000	14	10,40,590	0.88
100001 & above	15	9,97,98,433	84.21
Total	57,518	11,85,15,150	100.00

m. Dematerialisation of shares and liquidity

The Company's equity shares having been mandated for settlement only in dematerialised form by all investors, the Company has signed tripartite agreements with the National Securities Depository Limited [NSDL], the Central Depository Services (India) Limited [CDSL] and Cameo Corporate Services Limited, to offer depository related services to its shareholders. As at March 31, 2016, 95.04% of the equity share capital of the company has been dematerialised. Investors holding physical share certificates are advised to convert their holding to demat form in view of the various advantages associated with demat holding.

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

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

During the year, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures. The details of foreign currency exposure are disclosed in Note No. 36 to the Financial Statements.

p. Plant location: Panambur, Mangalore – 575010

p. Address for Correspondence

Registered Office	Registrars and Transfer Agents
Mangalore Chemicals and Fertilizers Limited Level-11, UB Tower, UB City 24, Vittal Mallya Road BANGALORE - 560 001 Phone : +91 080 - 3985 5500 / 6000 Fax: +91 080 - 3985 5588 Email: shares@mangalorechemicals.com	M/s. Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, CHENNAI – 600 002 Ph. No: 044-2846 0390 Fax No:044-2846 0129 Email: cameo@cameoindia.com

In compliance with SEBI circular No.MRD/DoP/Dep/SE/Cir.22/06 dated 18.12.2006, the Company has designated the email id shares@mangalorechemicals.com for registering investor complaints.

12. OTHER DISCLOSURES

a. Disclosures on materially significant related party transactions

No transaction of material nature has been entered into by the Company with its Promoters, Directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company. However, please refer to the relevant Notes to the financial statements on related party transactions.

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

The Company has complied with all the statutory requirements comprised in the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and there were no penalty / strictures were imposed on the Company by stock exchange(s) or SEBI or any statutory authority, on any matter related to capital markets during the last three years.

c. The Company has a Whistleblower Policy closely monitored by the management. No personnel has been denied access to the audit committee.

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

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

f. The Board of Directors of the Company, based on the recommendation of the Audit Committee, has approved the Related Party Transactions Policy and the same is placed on website of the Company, which can be accessed at www.mangalorechemicals.com/investor-party-transactions.

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

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

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

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

I, N. Suresh Krishnan, Managing Director of Mangalore Chemicals & Fertilizers Limited hereby declare that all board members and senior management team have affirmed compliance of the Code of Business Conduct and Ethics for the financial year ended March 31, 2016.

May 06, 2016

N. Suresh Krishnan
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Mangalore Chemicals and Fertilizers Limited,

We have examined the compliance of conditions of Corporate Governance by the Mangalore Chemicals and Fertilizers Limited ("the Company") for the year ended March 31, 2016 as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges for the period April 01, 2015 to November 30, 2015, and as per the relevant Regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as referred to in Regulation 15(2) therein for the period December 01, 2015 to March 31, 2016.

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

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing agreement or Regulations, as the case may be except for the following:

The independent directors of the company have not held at least one mandatory independent directors meeting as prescribed by the Regulation 25 sub regulation 3 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For K. P. RAO & CO.,

Chartered Accountants

Firm Register Number: 0031355

Desmond J Rebello

Partner

Membership No: 015140

Place: Gurgaon

Date : May 06, 2016

Annexure 8

Management Discussion & Analysis

Industry Structure and Developments

The Company has only one major business segment, viz. Fertilizers. It manufactures both Nitrogenous and Phosphatic fertilizers and is the only manufacturer of fertilizers in the state of Karnataka. About 60% of the Company's products are sold in the state of Karnataka, which meets about 20% of the needs of the farmers in the State. The Company maintains a good share of the market in Kerala and a modest share in the neighbouring states of Tamil Nadu, Andhra Pradesh and Maharashtra.

Threats and Opportunities

Stage III of New Pricing Scheme (NPS) for Urea announced in March 2007 stipulated that existing Naphtha/Furnace Oil/LSHS units should convert to gas by 31.3.2010. The deadline was extended until further orders in March 2010 in view of delay in formulation of NPS Stage – IV. In the meantime, the Company had signed a Gas Supply Agreement with Indian Oil Corporation and a Gas Transmission Agreement with GAIL (India) Limited in February 2011. The LNG terminal at Kochi has been commissioned in September 2013. Laying of Gas pipeline from Kochi to Mangalore by GAIL (India) Limited made negligible progress.

The Govt. of India (GOI) by its notification No.12012/3/2010-FPP dated 2nd April 2014 specified that the production of high cost naphtha based units will continue under modified NPS – III till the gas availability and connectivity is provided to these units or June 30, 2014, whichever is earlier, beyond which subsidy for naphtha based units will not be paid, which was further extended until September 30, 2014.

The 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. Pending disposal of the matter, GOI allowed operation of Naphtha based urea plants for 100 days from January 07, 2015. The Urea production was 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 GOI vide its Notification No.12018/4/2014-FPP dated June 17, 2015 allowed continuation of production of urea from 3 Naphtha based units (MFL – Manali, MCFL – Mangalore and SPIC – Tuticorin) till these plants get assured supply of gas either by gas pipeline or any other means. Albeit some restrictive conditions were imposed in terms of the subsidy mechanism that reduces the eligible subsidy, which are discriminatory compared to the recently converted naphtha based urea plants. Therefore the Company has approached Hon'ble High Court of Delhi seeking remedy and the matter is pending for final hearing. Moreover the Company has also appropriately representing before the GOI for suitable remedy.

The Nutrient Based Subsidy Scheme (NBS) was introduced by the GOI with effect from April 1, 2010, enabling the Government 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) and Phosphatic and Potassic fertilizers under the Nutrient Based Subsidy (NBS) policy for the year 2016-17.

Unusual delay in subsidy payment by GOI contributed to working capital shortage and increased finance cost.

Future Outlook

The demand for both Nitrogenous & Phosphatic fertilizers in India is increasing steadily and expected to grow at a compounded annual rate of 3%. With the domestic production almost stagnant and the demand increasing, the supply deficit has to be met from imports. Based on normal rainfall for 2016-17, the Company has planned to import substantial quantity of fertilizers to meet the growing demand. In addition, the Company has also finalized supply arrangements with certain local manufacturers of fertilizers, to augment total fertilizer availability in our marketing territory through our own marketing channel.

Despite unfavourable market conditions during the year, focus was maintained on Plant Nutrition business and this segment is poised for growth given the enormous potential. Plant Protection Chemical business which was started during 2010-11 has gathered momentum and has been growing rapidly. The growth momentum is expected to increase going forward.

Financial and Operational Performance

a) Production Performance

Production of 3,79,500 MTs of Urea, 2,05,308 MTs of Complex fertilizers [DAP/ NP] and 12,172 MTs of Ammonium Bi-Carbonate was achieved during the year.

b) Operating Results

The revenue from operations for the year ended March 31, 2016 was ₹ 3,000.32 crores as compared to ₹ 2,576.87 crores for the year ended March 31, 2015.

The Loss before exceptional, extra ordinary items and tax for the year ended March 31, 2016 was ₹ 30.33 crores compared to profit of ₹ 18.29 crores. The financial results for the year ended March 31, 2016 was primarily affected due to restrictive conditions of the fertilizer policy of the Govt. of India for Naphtha based units besides unfavourable market conditions and volatile foreign exchange rates.

The exceptional item represents outstanding dues from United Breweries (Holdings) Limited provided in view of the uncertainty of recoverability. The extra ordinary item represents provision for potential diminution in the value of investment in the preference share capital of ₹ 200 crores in Bangalore Beverages Limited in view of investment having been diverted to non project activities.

Therefore the loss before tax for the year ended March 31, 2016 was ₹ 247.01 crores as compared to profit of ₹ 18.29 crores for the year ended March 31, 2015 and the loss after tax stood at ₹ 240.12 crores for the year ending March 31, 2016 as compared to profit of ₹ 37.54 crores for the previous year.

c) Resource Utilization

The gross fixed assets and capital work-in-progress as at March 31, 2016 were ₹ 1050.40 crores as compared to ₹ 1009.11 crores in the previous year.

d) Working Capital

Net working capital excluding cash and bank balances, as on March 31, 2016 was ₹ (65.15) crores. Book debts outstanding for more than 6 months as on March 31, 2016 stood at ₹ 12.67 crores as compared to ₹ 1.40 crores in the previous year.

Risks and Concerns

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

Internal Control Systems

Adequate internal control procedures are in place across various functions in the Company, adequately supported with SAP ERP ECC 6.0 and B.O 4.0 business reporting tool leading to total business integration.

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

Human Resources and Industrial Relations

The Company continues to focus on employee training and development and had organized several technical and other soft skills training programs across levels. The Company constantly reviews/revises its policies and practices to stay aligned with the best in the industry.

The total strength of regular employees at the end of the year was 848 as against 834 in the previous year.

INDEPENDENT AUDITOR'S REPORT

To

THE MEMBERS OF MANGALORE CHEMICALS AND FERTILIZERS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Mangalore Chemicals and Fertilizers Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including

the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its loss and its cash flows for the year ended on that date.

Emphasis of matter

We draw your attention to the following matters in the Notes to the financial statements-

- a) Note 37(a) to the financial statements regarding the recoverability of the advances made to United Breweries Holding Limited (UBHL). Due to the uncertainty of recovering the amount, the management has provided for doubtful advances to the extent of ₹ 1668 lakhs; and
- b) Note 37(b) to the financial statements regarding provision of ₹ 20000 lakhs made towards diminution, other than temporary, in the value of investment in Bangalore Beverages Limited (BBL), based on the indicators as given in the said notes.

Our opinion is not modified in respect of these matters.

Other matter

Pursuant to the directions of the Audit Committee at its meeting held on March 09, 2016, the Company had engaged M/s. Ernst & Young LLP to carry out a forensic investigation into transactions of the Company in relation to the investment in the preference shares of BBL and advances made to UBHL and the presentation made by them in the meeting of the Board of Directors held on 6th May 2016, indicates that these transactions may have involved irregularities and elements of mis-management. The Company is taking necessary legal advice in connection with the findings.

INDEPENDENT AUDITOR'S REPORT

Pending legal advice on the above matters, we are unable to comment on adjustments, if any, to be made in the accompanying financial statements, except to the extent of provisions made, as stated in the "Emphasis of Matter" above.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

A. As required by the Companies (Auditor's Report) Order, 2016, ('the Order'), issued by the Central Government of India in terms of Sub-section 11 of Section 143 of the Act, we give in the "Annexure I" a statement on the matters specified in paragraphs 3 and 4 of the said Order.

B. As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31,

2016 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29 to the financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Notes 6 and 9 to the financial statements.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For K. P. Rao & Co.
Chartered Accountants
Firm Regn. No. 0031355

(Desmond J Rebello)
Partner

Place : Delhi
Date : May 06, 2016

Membership No. 015140

ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MANGALORE CHEMICALS AND FERTILIZERS LIMITED

We report that;

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Fixed Assets have been physically verified by the Management at reasonable intervals, and no material discrepancies were noticed on such physical verification.
- c) The title deeds of the immovable properties held by the Company, are in the name of the Company.
2. The inventories have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. No material discrepancies were noticed on such physical verification.
3. The Company has not granted any loans, whether secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Act. Accordingly, reporting under clause (iii) of the paragraph 3 of the Order is not applicable.
4. In our opinion and according to the information and explanations given to us, the provisions of Section 185 and 186 of the Act, to the extent applicable, have been complied with in respect of loans, investments, guarantees, and security.
5. In our opinion and according to the information and explanation given to us, the Company has not accepted deposits. Accordingly, reporting under clause (v) of paragraph 3 of the Order is not applicable.
6. The Company has maintained the books of account relating to utilisation of materials, labour and other items, pursuant to the Rules made by the Central Government for the maintenance of cost records prescribed under Sub-section 1 of Section 148 the Act.
7. a. The Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues applicable to it with the appropriate authorities.
- b. According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax or Cess, which have not been deposited on account of any dispute, except:

Name of the Statute	Nature of the dues	Amount (₹ Lakhs)	Forum in which the dispute is pending
Customs Act, 1962	Custom Duty	90.60	CESTAT

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to the financial institution, bank, or Government.

However, there was a delay of 30 days in payment of instalment amounting to ₹ 957.40 Lakhs to Yes Bank Limited, which arose out of disagreement between the Company and that Bank in respect of due date for payment of instalment. Such disagreement has arisen due to substantial prepayment of the principal amount made by the Company ahead of the original sanctioned schedule for repayment. As on March 31, 2016, the status of the account is regular.

9. The Company has not raised any monies, during the reporting period, by way of initial public offer or further public offer. The monies raised by the Company, by way of term loans, have been applied for the purposes for which they were raised.
10. According to the information and explanations given to us, no fraud by, or by its officers or employees on, the Company has been noticed or reported during the year.
11. In our opinion and according to the information and explanations given to us, managerial remuneration paid or provided to the whole-time director is in accordance with provisions of Schedule V to the Act, subject to the approval of the members, vide special resolution, at the ensuing Annual General Meeting. The Company has proposed to take necessary approval of the members at the ensuing Annual General Meeting.
12. The Company is not a Nidhi Company. Accordingly, reporting under clause (xii) of paragraph 3 of the Order is not applicable.
13. All the transactions with the related parties are in compliance with Section 177 and Section 188 of the Act, where applicable, and are disclosed in the financial statements as required by the applicable accounting standard.
14. The Company has not made any preferential allotment or private placement of shares or convertible debentures during the reporting period. Accordingly, reporting under clause (xiv) of paragraph 3 of the Order is not applicable.
15. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with any directors or persons connected with him. Accordingly, reporting under clause (xv) of paragraph 3 of the Order is not applicable.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For K. P. Rao & Co.
Chartered Accountants
Firm Regn. No. 003135S

(Desmond J Rebello)

Partner

Membership No. 015140

Place : Delhi
Date : May 06, 2016

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MANGALORE CHEMICALS AND FERTILIZERS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mangalore Chemicals and Fertilizers Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India".

For K. P. Rao & Co.
Chartered Accountants
Firm Regn. No. 0031355

(Desmond J Rebello)
Partner

Place : Delhi
Date : May 06, 2016

Membership No. 015140

BALANCE SHEET AS AT MARCH 31, 2016

(₹ in lakhs)

Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
EQUITY & LIABILITIES			
Shareholders' funds			
Share capital	2	118,54.86	118,54.86
Reserves and surplus	3	301,06.26	541,42.31
		<u>419,61.12</u>	<u>659,97.17</u>
Non-current liabilities			
Long-term borrowings	4	136,14.23	209,27.33
Deferred tax liabilities (Net)	35	36,28.36	43,12.90
Other Long-term liabilities	5	33,38.15	30,52.59
Long-term provisions	6	30,82.67	35,41.54
		<u>236,63.41</u>	<u>318,34.36</u>
Current liabilities			
Short-term borrowings	7	1196,40.14	856,48.55
Trade payables		523,04.57	502,65.06
Other current liabilities	8	126,82.47	80,86.09
Short-term provisions	9	10,86.26	19,46.60
		<u>1857,13.44</u>	<u>1459,46.30</u>
TOTAL		<u>2513,37.97</u>	<u>2437,77.83</u>
ASSETS			
Non-current assets			
Fixed assets	10		
Tangible assets		637,49.32	619,39.58
Intangible assets		36.18	21.81
Capital work-in-progress		13,17.91	9,25.93
Non-current investments	11	-	200,00.00
Long-term loans and advances	12	47,56.85	51,16.82
Other non-current assets	13	11,67.73	17,13.05
		<u>710,27.99</u>	<u>897,17.19</u>
Current assets			
Inventories	14	239,81.44	334,24.59
Trade receivables	15	486,26.66	235,56.19
Cash and Bank Balances	16	11,12.32	31,77.25
Short-term loans and advances	17	13,14.08	34,75.75
Other current assets	18	1052,75.48	904,26.86
		<u>1803,09.98</u>	<u>1540,60.64</u>
TOTAL		<u>2513,37.97</u>	<u>2437,77.83</u>
SIGNIFICANT ACCOUNTING POLICIES			
	1.1		

This is the Balance Sheet referred to in our report of even date.

Notes from 1 to 45 form integral part of Financial Statements and should be read in conjunction therewith in terms of our report attached.

For **K. P. Rao & Co.**
Chartered Accountants
Firm Regn. No. 0031355

Arun Duggal
Chairman

N. Suresh Krishnan
Managing Director

K. Prabhakar Rao
Director - Works

Desmond J Rebello
Partner
Membership No. 015140

Vijayamahantesh Khannur
Company Secretary

T. M. Muralidharan
Vice President – Finance

Gurgaon
May 6, 2016

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

	Particulars	Note No.	Year ended 31.03.2016	Year ended 31.03.2015
I	Revenue from operations			
	Sale of products	19	3012,94.37	2586,87.07
	Sale of services		35.16	1,16.05
	Less: Excise duty		12,97.90	11,16.05
			3000,31.63	2576,87.07
II.	Other income	20	6,20.40	11,47.10
III.	Total Revenue (I + II)		3006,52.03	2588,34.17
IV.	Expenses:			
	Cost of materials consumed	21	1180,08.93	1119,91.13
	Purchases of Stock-in-trade	22	934,87.06	886,45.74
	Changes in inventories of finished goods, work-in-progress and Stock-in-trade	23	105,09.60	(141,36.03)
	Employee benefits expense	24	70,38.70	63,33.41
	Finance costs	25	112,08.32	126,37.74
	Depreciation and amortization expense - including depreciation of ₹ 52.21 lakhs on revalued fixed assets (Previous year ₹ 71.91 lakhs)		31,27.44	28,65.57
	Expenditure on Corporate Social Responsibility activities	26	1,20.69	1,45.77
	Other expenses	27	601,84.36	485,21.76
	Total expenses		3036,85.10	2570,05.09
V.	Profit/(Loss) before exceptional and extraordinary item and tax (III - IV)		(30,33.07)	18,29.08
VI.	Exceptional item	37(a)	16,68.20	-
VII.	Profit/(Loss) before extraordinary item and tax (V-VI)		(47,01.27)	18,29.08
VIII.	Extraordinary item	37(b)	200,00.00	-
IX.	Profit/(Loss) before tax (VII - VIII)		(247,01.27)	18,29.08
	Tax expense:			
	Current tax			
	MAT		-	4,00.00
	MAT credit entitlement		-	(4,00.00)
	Net Current tax		-	-
	Short / (Excess) provision for tax for earlier years		(4.64)	0.91
	Deferred Tax		(6,84.54)	(19,25.87)
XI.	Profit/(Loss) for the period (IX - X)		(240,12.09)	37,54.04
XII.	Earnings per equity share (Face value of ₹ 10/- each)	33		
	a) Basic / Diluted earnings per share (before extraordinary items)		(3.39)	3.17
	b) Basic / Diluted earnings per share (after extraordinary items)		(20.26)	3.17

SIGNIFICANT ACCOUNTING POLICIES

I.1

This is the profit and loss statement referred to in our report of even date.

Notes from I to 45 form integral part of Financial Statements and should be read in conjunction therewith in terms of our report attached.

For **K. P. Rao & Co.**
Chartered Accountants
Firm Regn. No. 003135S

Arun Duggal
Chairman

N. Suresh Krishnan
Managing Director

K. Prabhakar Rao
Director - Works

Desmond J Rebello
Partner
Membership No. 015140

Vijayamahantesh Khannur
Company Secretary

T. M. Muralidharan
Vice President - Finance

Gurgaon
May 6, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax	(247,01.27)	18,29.08
Adjustment for :		
Depreciation	31,27.44	28,65.57
Interest and financial charges	112,08.32	126,37.74
Interest received	(2,34.21)	(89.50)
Fixed assets written-off	2,53.25	1,36.95
(Profit)/Loss on sale of fixed assets (net)	4.73	20.91
Provision for doubtful loans and advances	16,68.20	-
Provision for diminution in value of investment	200,00.00	-
	360,27.73	155,71.67
Operating Profit before Working Capital changes	113,26.46	174,00.75
Adjustment for :		
Trade and other receivables	(382,30.31)	393,31.91
Inventories	94,43.15	(192,77.54)
Trade and other payables	39,18.33	242,79.83
	(248,68.83)	443,34.20
Cash flow from operating activities	(135,42.37)	617,34.95
Income-tax paid	(1,94.90)	(3,88.43)
NET CASH FROM OPERATING ACTIVITIES	(137,37.27)	613,46.52
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(50,57.25)	(57,52.46)
Proceeds from sale of fixed assets	45.82	1,40.95
NET CASH USED IN INVESTING ACTIVITIES	(50,11.43)	(56,11.51)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term bank borrowings	10,65.03	26,32.44
Proceeds from short term bank borrowings	339,91.59	(420,95.72)
Repayment of long term bank borrowings	(61,52.21)	(18,37.57)
Dividend paid including distribution tax	(8,55.85)	(16,63.88)
Deposits	0.00	(0.58)
Interest received	2,34.21	89.50
Interest and financial charges paid	(104,95.64)	(120,82.19)
NET CASH USED IN FINANCING ACTIVITIES	177,87.13	(549,58.00)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(9,61.57)	7,77.01
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	13,60.76	5,83.75
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	3,99.19	13,60.76

The above Cash Flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

This is the Cash Flow Statement referred to in our report of even date.

For **K. P. Rao & Co.**
Chartered Accountants
Firm Regn. No. 0031355

Arun Duggal
Chairman

N. Suresh Krishnan
Managing Director

K. Prabhakar Rao
Director - Works

Desmond J Rebello
Partner
Membership No. 015140

Vijayamahantesh Khannur
Company Secretary

T. M. Muralidharan
Vice President - Finance

Gurgaon
May 6, 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Corporate Information

Mangalore Chemicals & Fertilizers Limited (the Company) domiciled in India, is incorporated under the Companies Act, 1956 and its shares are listed on the Bangalore Stock Exchange, BSE Limited and National Stock Exchange of India Limited. The Company is primarily engaged in the business of manufacture, purchase and sale of fertilizers.

1. Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India [Indian GAAP]. The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain fixed assets which have been revalued. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

1.1. Summary of Significant Accounting Policies

a. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

b. Fixed Assets

Fixed Assets are capitalised at cost, inclusive of finance charges on borrowed funds attributable to acquisition of Qualifying Assets, for the period upto the date of commencement of commercial production.

Expenditure that increases the future benefit of plant and machinery by improvement in performance and efficiency of the assets as well as increases their useful economic life is capitalised.

Insurance spares are capitalised as part of respective groups of assets.

c. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition / construction of qualifying assets are capitalised while the other borrowing costs are expensed.

d. Investments

Long term investments are stated at cost. Provision for diminution in value is made to recognize a decline, other than temporary, in the value of long-term investments.

e. Valuation of Inventories

Inventories are valued at the lower of Cost and Net Realisable Value.

The Cost is determined as follows:

- a. Stores and spares, Fuel Oil, Raw Materials and Packing Materials: Moving weighted average method.
- b. Work-in-progress: Material cost on moving weighted average method and appropriate manufacturing overheads based on normal operating capacity.
- c. i. Finished goods (manufactured): Material cost on moving weighted average method and appropriate manufacturing overheads based on normal operating capacity including Excise Duty.
- ii. Traded Goods: Moving weighted average method.

Net Realisable Value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

f. Revenue Recognition

Sale is recognised on the despatch / delivery of goods to the customer. Sale is exclusive of excise duty, where applicable.

Under the New Pricing Scheme for Urea, the Government of India reimburses in the form of subsidy to the Fertilizer industry the difference between the concession price based on the cost of production and the selling price realised from the farmers as fixed by the Government from time to time. Changes in input and other costs as estimated by the management, as per known policy parameters are recognised in the Profit and Loss Statement for the year. This has been accounted on the basis of movement of fertilizers from the factory as per the procedure prescribed by the Government and not on the basis of ultimate sales.

Concession for DAP, MOP and Complex Fertilizers is recognised as per the rates notified by the Government of India. This has been accounted on the basis of receipt of fertilizers in the district as per the procedure prescribed by the Government and not on the basis of ultimate sales.

Insurance claims are accounted on acceptance.

Revenue from services is recognised as per the terms and conditions of the Contract / Agreement.

g. Depreciation

Depreciation on fixed assets is calculated on the straight-line method based on useful life prescribed under Schedule II to the Companies Act 2013, as amended. Fertilizer plant has been classified as 'Continuous Process Plant'.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Incremental value of fixed assets arising out of revaluation is depreciated over their remaining useful lives.

Written down value of insurance spares is charged off in the year of replacement of the existing part in the fixed asset.

h. Leases

Finance Leases, which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the Company are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Profit and Loss Statement.

i. a. Foreign Currency Transaction

Revenue transactions in foreign currency are translated into Indian rupees at the exchange rate prevailing on the date of the transactions unless such transactions are covered by forward contracts.

The exchange differences arising on foreign currency transactions are recognised as income or expense in the period in which they arise.

All current assets and current liabilities in foreign currency outstanding on the date of the Balance Sheet are converted at the exchange rates prevailing on the date of the Balance Sheet. The resultant differences are recognised in Profit and Loss Statement.

b. Forward Exchange Contracts

In respect of Forward Exchange Contracts entered into by the Company, the difference between the contracted rate and the rate at the date of transaction is recognised as gain or loss over the period of contract. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

c. Currency Swap Contracts

The currency swap contracts entered into by the Company, are initially recognised in the financial statements at the value determined on the basis of net cash flow arising or incurring through these contracts. The gain or loss that is determined to be an effective hedge is recognised in the Profit and Loss statement in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

j. Retirement and other Benefits to Employees

- a. Provident Fund, a defined contribution plan covers the eligible employees. Contribution made to Provident Fund is charged to Profit and Loss Statement.

- b. Gratuity, a defined benefit retirement plan, to the employees is covered under the appropriate schemes of the Life Insurance Corporation of India. Liability is charged to Profit and Loss Statement based on an actuarial valuation carried out at the balance sheet date, by an independent Actuary.

- c. Superannuation, which is a defined contribution scheme, is administered by Life Insurance Corporation of India. The contributions to the said scheme are charged to the Profit and Loss statement on an accrual basis.

- d. Leave Encashment benefits payable to employees is unfunded, determined and recognised at the balance sheet date in the accounts as per the actuarial valuation. Expenditure incurred on payment made to employees under Voluntary Retirement Scheme (VRS) is charged to Profit and Loss Statement in the year of payment.

k. Earnings per Share

Basic Earnings per Share is calculated by dividing the net Profit or Loss for the year attributable to the equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year

For the purpose of calculating Diluted EPS, net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year, are adjusted for the effects of all dilutive Potential Equity Shares.

l. Income-tax

Provision for income-tax comprises of current taxes and also deferred taxes. Provision for current tax is made based on the tax liability computed as per the provisions of Income Tax Act 1961. Deferred tax liability is recognised for the future tax consequences of temporary differences between the tax basis and the carrying values of assets and liabilities. Deferred tax assets are recognised if there is reasonable certainty that they will be realised and are reviewed every year. The tax effect is calculated on the accumulated timing differences at the end of the year based on enacted or substantially enacted tax laws.

m. Impairment of Asset

Impairment of asset is reviewed and recognised in the event of changes and circumstances indicating that the carrying amount of an asset is not recoverable. Difference between the carrying amount of an asset and the recoverable value, if any, is recognised as impairment loss in the Profit and Loss Statement in the year of impairment.

n. Intangible Asset (Software)

Intangibles representing software are amortized over their estimated useful life.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

Particulars	As at 31.03.2016	As at 31.03.2015
SHAREHOLDERS' FUNDS		
2 SHARE CAPITAL		
a) Authorised		
6,00,000 (6,00,000) 13% Redeemable Cumulative Preference Shares of ₹ 100/- each	6,00.00	6,00.00
12,40,00,000 (12,40,00,000) Equity Shares of ₹ 10/- each	124,00.00	124,00.00
	<u>130,00.00</u>	<u>130,00.00</u>
b) Issued		
12,00,00,044 (12,00,00,044) Equity Shares of ₹ 10/- each	120,00.00	120,00.00
c) Subscribed and Fully Paid-up		
11,85,15,150 (11,85,15,150) Equity Shares of ₹ 10/ each	118,51.51	118,51.51
d) Forfeited shares (amount originally paid-up)	3.35	3.35
Total	<u>118,54.86</u>	<u>118,54.86</u>
e) Par Value per Share		
13% Redeemable Cumulative Preference Shares	₹ 100 each	₹ 100 each
Equity Shares	₹ 10 each	₹ 10 each
f) Reconciliation of the number of shares outstanding	Number of shares	Number of shares
Number of Equity shares outstanding at the beginning of the year	11,85,15,150	11,85,15,150
Number of Equity shares outstanding at the end of the year	11,85,15,150	11,85,15,150
g) Shares in the company held by each shareholder holding more than 5 percent	Number of shares	Number of shares
Zuari Fertilizers and Chemicals Limited	6,28,43,211	1,95,14,211
United Breweries (Holdings) Limited	1,78,36,068	1,78,36,068
SCM Soilfert Limited	-	3,37,49,623
h) The rights, preferences and restrictions attached to shares		
The Company has only one class of shares issued and paid up referred to as equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend if proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their holdings.		
(Figures in the brackets represents the number of shares as on previous year)		
3 RESERVES & SURPLUS		
a) Capital Reserve	16.84	16.84
b) Capital Redemption Reserve	4,80.78	4,80.78
c) Revaluation Reserve	76,69.88	80,07.74
Deductions: Assets sold / discarded	23.96	21.40
: Depreciation on assets with no useful life as on 31.03.2014	-	2,44.55
: Transfer to General Reserve	52.21	71.91
	<u>53,04.91</u>	<u>52,33.00</u>
d) General Reserve as per last Balance Sheet	53,04.91	52,33.00
Additions: Transfer from Revaluation reserve	52.21	71.91
	<u>53,57.12</u>	<u>53,04.91</u>
e) Surplus		
Opening Balance	406,69.90	379,92.63
Additions: Profit/(Loss) for the year as per Profit & Loss Statement	(240,12.09)	37,54.04
Deductions: Depreciation on assets with no useful life as on 31.03.2014	-	2,20.92
(net of deferred tax of ₹ 1,13.75 lakhs)		
	<u>166,57.81</u>	<u>415,25.75</u>
Deductions: Appropriations		
Proposed Dividend	-	7,11.09
Tax on Distributed Profit	-	1,44.76
	<u>-</u>	<u>8,55.85</u>
Total	<u>301,06.26</u>	<u>541,42.31</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)		
Particulars	As at 31.03.2016	As at 31.03.2015
NON - CURRENT LIABILITIES		
4. LONG TERM BORROWINGS		
Term loans From banks		
a) Secured	113,55.36	133,51.84
<i>(Secured by first charge on the project assets, and first / second pari-passu charge on all of the Company's assets including all movable and immovable assets both present and future excluding assets specifically charged to other lenders)</i>		
<i>Terms of repayment:</i>		
₹ 34,35.87 Lakhs repayable monthly in 3 years 8 months with interest @ 13.75% pa		
₹ 54,28.52 Lakhs repayable half yearly in 6 years with interest @ 2.60% pa		
₹ 11,84.00 Lakhs repayable monthly in 3 years with interest @ 13.25% pa		
₹ 13,06.97 Lakhs repayable half yearly in 7 years with interest @ 1.40 % pa		
b) Unsecured	22,58.87	75,71.83
₹ 22,58.87 Lakhs repayable quarterly in 1 year with rate of interest @ 10.50% p.a.		
Other Loans		
Secured		
Long term maturities of finance lease obligations (Refer Note No. 34)	-	3.66
<i>(Secured by hypothecation of assets acquired under the facility.)</i>		
Total	136,14.23	209,27.33
5 OTHER LONG TERM LIABILITIES		
Security Deposits (Unsecured)	33,38.15	30,52.59
6 LONG TERM PROVISIONS		
a) Provision for employee benefits		
Leave encashment	5,32.36	5,41.81
Gratuity	13,85.16	12,89.26
b) Provision for currency swap	11,65.15	17,10.47
Total	30,82.67	35,41.54

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

Particulars	As at 31.03.2016	As at 31.03.2015
CURRENT LIABILITIES		
7 SHORT TERM BORROWINGS		
Loans repayable on demand		
From banks		
Secured :		
a) Cash Credit including demand loans	473,61.64	342,16.43
b) Buyers' Credit	722,78.50	514,32.12
<i>((Secured by first pari-passu charge on present and future stock of fertilizers including work-in-progress and raw materials, book debts, outstanding monies, receivables, claims, bills, contracts, engagements, securities, investments, rights and fixed assets of the Company (except assets effectively otherwise hypothecated / charged or mortgaged to the lenders))</i>		
Total	1,196,40.14	856,48.55
8 OTHER CURRENT LIABILITIES		
a) Current maturities of long-term debt	64,49.82	42,27.55
b) Current maturities of finance lease obligations	3.66	26.12
c) Interest accrued but not due on borrowings	4,08.31	5,42.60
d) Income received in advance	1.88	6.08
e) Unpaid dividends	4,12.13	3,06.49
f) Other Payables		
Deferred premium on forward contract	2,96.27	-
Security deposits	1.24	6.77
Sundry creditors for capital expenditure	4,00.96	2,41.97
Statutory dues	8,89.43	7,01.77
Employee expenses	7,58.17	7,15.23
Others	30,60.60	13,11.51
Total	1,26,82.47	80,86.09
9 SHORT TERM PROVISIONS		
a) Provision for employee benefits		
Leave encashment	1,65.94	1,40.49
Gratuity	1,31.37	69.27
b) Others		
Proposed Dividend	-	7,11.09
Corporate Dividend Tax	-	1,44.76
Current Tax (net of advance tax)	-	86.66
Provision for currency swap	7,88.95	7,94.33
Total	10,86.26	19,46.60

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NON CURRENT ASSETS

10 FIXED ASSETS

(₹ in lakhs)

DESCRIPTION	GROSS BLOCK (At Cost or Valuation)				DEPRECIATION				NET BLOCK		
	As at 1.4.2015	Additions	Deductions	As at 31.3.2016	Up to 1.4.2015	Adjustments	For the year	Deductions	Up to 31.3.2016	As at 31.3.2016	As at 31.3.2015
TANGIBLE ASSETS:											
Freehold Land	68,67.78	-	-	68,67.78	-	-	-	-	-	68,67.78	68,67.78
Leasehold Land ^(a)	3.04	-	-	3.04	-	-	-	-	-	3.04	3.04
Buildings	63,20.22	3,56.22	22.09	66,54.35	23,77.82	-	1,27.28	7.91	24,97.19	41,57.16	39,42.40
Railway Sidings	7,03.15	-	-	7,03.15	2,02.74	-	46.53	-	2,49.27	4,53.88	5,00.41
Roads, Drainage and Culverts	5,93.25	52.55	-	6,45.80	3,04.99	-	66.86	-	3,71.85	2,73.95	2,88.26
Plant and Machinery	822,32.80	44,05.87	12,18.14	854,20.53	331,77.12	-	26,09.72	9,64.54	348,22.30	505,98.23	490,55.68
Electrical Installations and Fittings	1,78.29	1,56.19	5.85	3,28.63	91.50	-	16.36	5.55	1,02.31	2,26.32	86.79
Equipment	15,19.85	2,64.81	23.38	17,61.28	8,44.38	-	1,38.42	21.80	9,61.00	8,00.28	6,75.47
Cranes and Locomotives	3,12.89	-	7.92	3,04.97	1,58.43	-	22.23	7.51	1,73.15	1,31.82	1,54.46
Furniture and Fixtures	6,15.12	15.23	9.97	6,20.38	3,40.26	-	70.87	9.62	4,01.51	2,18.87	2,74.86
Vehicles - Owned	1,33.30	-	58.17	75.13	68.44	-	8.05	10.64	65.85	9.28	64.86
- Leased ^(b)	1,50.40	-	-	1,50.40	1,24.83	-	16.86	-	1,41.69	8.71	25.57
Others	2.83	-	-	2.83	2.83	-	-	-	2.83	-	-
SUB TOTAL (A)	996,32.92	52,50.87	13,45.52	1035,38.27	376,93.34	-	31,23.18	10,27.57	397,88.95	637,49.32	619,39.58
INTANGIBLE ASSETS											
Computer Software (B)	3,51.85	28.43	1,96.17	1,84.11	3,30.04	-	4.26	1,86.37	1,47.93	36.18	21.81
TOTAL (A+B)	999,84.77	52,79.30	15,41.69	1037,22.38	380,23.38	-	31,27.44	12,13.94	399,36.88	637,85.50	619,61.39
Previous Year	879,06.05	159,85.17	39,06.45	999,84.77	381,64.83	5,79.22	28,65.57	35,86.24	380,23.38		
Capital Work-in-Progress										13,17.91	9,25.93
										651,03.41	628,87.32

(a) Leasehold land of ₹3.04 lakhs is towards 3.041 acres taken on lease from the New Mangalore Port Trust.

(b) Depreciation on Leased vehicles charged at 19.00%.

Particulars	As at 31.03.2016	As at 31.03.2015
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11 NON CURRENT INVESTMENTS

Investments in Preference Shares (fully paid) (Trade) (Unquoted)
Bangalore Beverages Limited

2,00,000 Redeemable cumulative preference shares of ₹1/- each
with coupon rate of 10% p.a. repayable after 20 years

200,00.00 200,00.00

Less: Provision for diminution in value of investments

200,00.00 -

Total

- 200,00.00

12 LONG TERM LOANS AND ADVANCES (Unsecured Considered good)

a) Capital Advances

71.56 5,52.72

b) Security Deposits

6,66.89 6,58.58

c) Other loans and advances

Advance Income Tax (net of provisions)

2,58.40 1,45.52

MAT credit entitlement

37,60.00 37,60.00

Total

47,56.85 51,16.82

13 OTHER NON CURRENT ASSETS

a) Unamortised cost on currency swap

11,65.15 17,10.47

b) Long-term deposits with Banks (pledged with sales tax authorities)

2.58 2.58

Total

11,67.73 17,13.05

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

Particulars	As at 31.03.2016	As at 31.03.2015
CURRENT ASSETS		
14 INVENTORIES		
a) Raw materials (includes in-transit ₹ 23,90.71 lakhs, previous year ₹ 40,41.87 lakhs)	95,53.13	94,99.28
b) Work-in-progress	21.50	1,81.46
c) Finished goods	4,36.95	8,53.93
d) Stock-in-trade (includes in-transit ₹ 34,10.33 lakhs, previous year ₹ 133,98.62 lakhs)	61,60.61	160,93.27
e) Stores and spares (includes in-transit ₹ 24,20.64 lakhs, previous year ₹ 21,98.73 lakhs)	78,09.25	67,96.65
Total	239,81.44	334,24.59
<i>[For mode of valuation refer note 1.1(e)]</i>		
15 TRADE RECEIVABLES		
Outstanding for a period exceeding six months		
Secured considered good	2,18.35	41.22
Unsecured considered good	10,48.78	98.71
Other Receivables:		
Secured considered good	22,39.29	19,52.04
Unsecured considered good	451,20.24	214,64.22
Total	486,26.66	235,56.19
16 CASH AND BANK BALANCES		
Cash and cash equivalents		
a) Balances with banks	3,94.13	13,35.24
b) Cheques, drafts on hand	3.20	22.37
c) Cash on hand	1.86	3.15
	3,99.19	13,60.76
Other Bank Balances		
a) Unpaid Dividend	4,12.13	3,06.49
b) Margin Money Deposits	3,01.00	15,10.00
	7,13.13	18,16.49
Total	11,12.32	31,77.25
17 SHORT TERM LOANS & ADVANCES		
Prepaid Expenses / Advances		
Unsecured, considered good	13,14.08	34,75.75
Unsecured, considered doubtful	16,68.20	-
Total	29,82.28	34,75.75
Less: Provision for doubtful loans and advances	16,68.20	-
	13,14.08	34,75.75
18 OTHER CURRENT ASSETS		
a) Concession Receivable from Government of India	1043,13.12	889,22.52
b) Balance with Customs, Port Trust, Excise and Commercial Tax Authorities	15.59	10.15
c) Unamortised cost on currency swap	5,45.33	6,42.78
d) Others	4,01.44	8,51.41
Total	1052,75.48	904,26.86

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

			(₹ in lakhs)
	Particulars	Year ended 31.03.2016	Year ended 31.03.2015
19 SALE OF PRODUCTS			
	Manufactured Goods		
	Urea	1027,82.42	1010,46.71
	Complex Fertilizers	671,64.35	586,50.01
	Others	96,06.80	98,65.39
		<u>1795,53.57</u>	<u>1695,62.11</u>
	Traded Goods		
	Complex Fertilizers - Imported	524,70.55	274,92.85
	Muriate of Potash - Imported	259,11.50	279,24.56
	Others	433,58.75	337,07.55
		<u>1217,40.80</u>	<u>891,24.96</u>
	Total	<u>3012,94.37</u>	<u>2586,87.07</u>
20 OTHER INCOME			
	Interest Income	2,34.21	89.50
	Other non-operating income	3,86.19	10,57.60
	Total	<u>6,20.40</u>	<u>11,47.10</u>
21 Cost of materials consumed			
	Naphtha	528,32.03	525,20.80
	Phosphoric Acid	359,41.90	343,57.97
	Imported Ammonia	197,76.86	180,10.37
	Others	94,58.14	71,01.99
	Total	<u>1180,08.93</u>	<u>1119,91.13</u>
22 Purchases of Traded goods			
	Complex Fertilizers - Imported	339,05.24	358,79.87
	Muriate of Potash - Imported	262,65.81	239,40.06
	Others	333,16.01	288,25.81
	Total	<u>934,87.06</u>	<u>886,45.74</u>
23 Changes in inventories of finished goods, work-in-progress and Stock-in-Trade			
	Opening Stock		
	Work-in-Progress	1,81.46	6,32.60
	Finished Goods	8,53.93	9,93.01
	Stock in Trade	160,93.27	13,67.02
	Total	<u>171,28.66</u>	<u>29,92.63</u>
	Closing Stock		
	Work-in-Progress	21.50	1,81.46
	Finished Goods	4,36.95	8,53.93
	Stock in Trade	61,60.61	160,93.27
	Total	<u>66,19.06</u>	<u>171,28.66</u>
		<u>10,509.60</u>	<u>(141,36.03)</u>
24 Employee benefits expense			
	Salaries and Wages	55,15.26	49,73.38
	Contribution to Provident and Other Funds	8,62.69	6,78.78
	Staff Welfare Expenses	6,60.75	6,81.25
	Total	<u>70,38.70</u>	<u>63,33.41</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
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The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below:

A. Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized are charged off for the year as under:

Employer's Contribution to Provident Fund	1,51.82	1,61.59
Employer's Contribution to Superannuation Fund	72.70	74.73
Employer's Contribution to Pension Scheme	98.97	80.75

The Provident Fund is maintained with Regional Provident Fund Commissioner, Mangalore

B. Defined Benefit Plan

(i) Gratuity (funded)

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan.

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method.

a. Reconciliation of opening and closing balances of defined benefit obligation		
Defined Benefit obligation at beginning of the year	17,34.86	17,44.09
Current Service Cost	75.20	71.19
Interest Cost	1,26.19	1,37.99
Actuarial loss/(gain)	2,70.95	109.04
Past Service Cost	31.66	-
Benefits paid	(2,45.75)	(3,27.45)
Defined Benefit obligation at end of the year	19,93.11	17,34.86
b. Reconciliation of opening and closing balances of fair value of assets		
Fair value of plan assets at beginning of the year	3,76.33	2,67.49
Expected return on plan assets	16.28	4.92
Actuarial gain/(loss)	29.72	32.07
Contribution by the employer	3,00.00	3,99.30
Benefits paid	(2,45.75)	(3,27.45)
Fair value of plan assets at year end	4,76.58	3,76.33
Actual return on plan assets	46.00	36.99
c. Reconciliation of fair value of assets and obligations		
Fair value of plan assets as at end of the year	4,76.58	3,76.33
Present value of obligation as at end of the year	19,93.11	17,34.86
Liability recognised in Balance Sheet	15,16.53	13,58.53
d. Expenses recognised during the year		
Current Service Cost	75.20	71.19
Interest Cost	1,26.19	1,37.99
Expected return on plan assets	(16.28)	(4.92)
Actuarial gain/(loss)	2,41.23	76.96
Past Service Cost	31.66	-
Net Cost for the year	4,58.00	2,81.22
e. Investments		
% Invested	% Invested	
As at	As at	
31 March,	31 March,	
2016	2015	
L.I.C Group Gratuity (Cash Accumulation) Policy	100	100

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)		
Particulars	Year ended 31.03.2016	Year ended 31.03.2015
f. Actuarial Assumptions		
Mortality Table (L.I.C.)	Indian Assured Lives Mortality (2006-08) Ult table	Indian Assured Lives Mortality (2006-08) Ult table
Discount rate (per annum)	7.90%	7.95%
Expected rate of return on plan assets (per annum)	8.00%	8.00%
Rate of escalation in salary (per annum)		
- for first 2 years	9.00%	6.00%
- thereafter	7.50%	6.00%

The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors. The above information is certified by the actuary.

(ii) Compensated Leave (unfunded)

Defined benefit obligation of compensated absence in respect of the employees of the Company is arrived on the basis of actuarial valuation conducted as on 31.03.2016 which works out to ₹ 6,95.14 lakhs. (previous year ₹ 6,82.31 lakhs). Increase in the obligation towards compensated leave has been charged to Profit and loss Statement of ₹ 12.83 lakhs (previous year ₹ 59.43 lakhs).

25 Finance costs

Interest Expense	85,46.41	87,41.54
Other borrowing costs	26,48.74	38,84.94
Other Interest	13.17	11.26
Total	112,08.32	126,37.74

26 Expenditure on Corporate Social Responsibility (CSR) activities

Promotion of education	79.46	66.57
Sanitation and drinking water	31.59	57.61
Health care	9.64	3.63
Promotion of art and culture, education, sports and upliftment of society	-	17.96
Total	1,20.69	1,45.77

Note on CSR activities

a. Gross amount required to be spent by the Company during the year : ₹ 120.72 Lakhs.

b. Amount spent during the year - ₹ 120.69 lakhs on:

	In cash	Yet to be paid in cash	Total
(i) Construction / acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	116.80	3.89	120.69

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

			(₹ in lakhs)
	Particulars	Year ended 31.03.2016	Year ended 31.03.2015
27	Other expenses		
	Consumption of stores and spares	12,43.42	8,88.80
	Power, fuel and water	207,13.16	240,94.94
	Packing material consumed	23,95.62	18,53.96
	Bagging and other contracting charges	4,61.50	2,08.48
	Transportation	184,65.32	99,93.05
	Exchange (Gain)/ Loss	48,15.85	19,00.57
	Repairs and maintenance		
	Plant and machinery	29,50.25	24,71.19
	Buildings	1,83.27	1,71.95
	Others	4,10.80	2,47.23
	Rent	12,08.09	7,14.26
	Rates and taxes	12.37	9.87
	Insurance	6,79.37	4,85.84
	Travelling and conveyance	3,00.34	2,96.60
	Loss on fixed assets sold / discarded (net)	2,57.98	1,57.86
	Directors' sitting fees	8.31	6.29
	Payments to the Auditor		
	As Auditor	12.00	12.00
	For other services	7.85	6.35
	For reimbursement of expenses	2.08	1.71
	Excise Duty on Increase/(Decrease) on inventory	12.25	(2.37)
	Miscellaneous Expenses	60,44.53	50,03.18
	Total	601,84.36	485,21.76

28 Capital and Other Commitments

Estimated amount of contracts remaining to be executed on Capital Account and not provided for	7,98.79	40,62.30
------------------------------------------------------------------------------------------------	---------	----------

29 Contingent Liabilities

a) Outstanding Bank Guarantees	6,94.68	7,37.83
b) Claims against the Company not acknowledged as debt.		
i) Disputed customs duty liability under appeal by Company before CESTAT	90.60	90.60
ii) Disputed Income-tax liability	4,27.77	4,27.77
c) Bonus for 2014-15 pursuant to amendment to Payment of Bonus Act, 1965	6.03	-

30 The amount due to Micro, Small and Medium Enterprises as on 31.3.2016 is Nil (Nil).

31 Segment Reporting

The Company's business comprises of manufacture, purchase and sale of fertilizers and related products constituting a single segment. The sales of these products are predominantly made in India. Hence, the segment information as per "Accounting Standard 17 – Segment Reporting" is not required to be disclosed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

32 Related Party Disclosures

a) List of related parties:

Holding Company

Zuari Agro Chemicals Limited (Ultimate Holding Company)
Zuari Fertilisers & Chemicals Limited*

Key Management Personnel

Deepak Anand, Managing Director**
N. Suresh Krishnan, Managing Director**
K. Prabhakar Rao, Whole-time Director

* Zuari Fertilisers & Chemicals Limited became Holding Company w.e.f. 18.05.2015, which is wholly owned subsidiary of Zuari Agro Chemicals Limited.

**Mr. Deepak Anand was Managing Director until 31.12.2015. Mr. N. Suresh Krishnan was appointed as Managing Director w.e.f 01.01.2016.

b) Transactions with related parties:

(₹ in lakhs)

Particulars	2015 - 16		2014 - 15	
	Holding Company	Key Management Personnel	Holding Company	Key Management Personnel
Purchase of Goods	261,08.39	-	-	-
Sale of Goods	2,94.36	-	-	-
Interest Payable	20,87.93	-	-	-
Interest Receivable	4,04.79	-	-	-
Rendering of Services	3.71	-	-	-
Payments made on our behalf	49.35	-	-	-
Payments made on their behalf	9.64	-	-	-
Remuneration	-	73.63	-	69.59
Closing Balance – (Credit)/Debit	(213,94.13)	-	-	-

33 Earnings per share

Earnings per share (before extraordinary items)		2015-16	2014-15
Profit/(Loss) after taxation as per Profit and Loss statement attributable to equity share holders	₹ Lakhs	(40,12.09)	37,54.04
Weighted average number of equity shares outstanding	Nos.	11,85,15,150	11,85,15,150
Basic and diluted earnings per share in rupees (face value – ₹ 10 per share)	₹	(3.39)	3.17
Earnings per share (after extraordinary items)		2015-16	2014-15
Profit/(Loss) after taxation as per Profit and Loss statement attributable to equity share holders	₹ Lakhs	(240,12.09)	37,54.04
Weighted average number of equity shares outstanding	Nos.	11,85,15,150	11,85,15,150
Basic and diluted earnings per share in rupees (face value – ₹ 10 per share)	₹	(20.26)	3.17

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

34 Finance Leases

- a) The Company has acquired some vehicles on finance lease. The minimum lease rentals outstanding as of 31st March, 2016 in respect of these assets are as follows:

	Total Minimum Lease Payments outstanding		Future interest on Outstanding		Present value of minimum lease payments	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
i) Payable not later than 1 year	3.71	28.48	0.05	2.36	3.66	26.12
ii) Payable later than 1 year and not later than 5 years	-	3.71	-	0.05	-	3.66
iii) Payable later than 5 years	-	-	-	-	-	-
Total	3.71	32.19	0.05	2.41	3.66	29.78

- b) General Description of Lease terms:

- Lease rentals are charged on the basis of agreed terms.
- Assets are taken on lease over a period of 3/5 years.

35 Accounting for taxes on Income

In accordance with the "Accounting Standard 22 – Accounting for Taxes on Income", issued by the Institute of Chartered Accountants of India, the Company has recognised ₹ 6,84.54 lakhs as deferred tax credit (net) for the current year.

Particulars	Deferred tax (Asset) / Liability as on 31.3.2015	Current year Charge / (Credit)	Deferred tax (Asset) / Liability as on 31.3.2016
Business Loss and unabsorbed Depreciation	(104,94.76)	(1,02.01)	(105,96.77)
Other deferred tax assets	(7,22.10)	(48.16)	(7,70.26)
Difference between book and tax depreciation	155,29.76	(5,34.37)	149,95.39
Total	43,12.90	(6,84.54)	36,28.36

36 Foreign Currency Exposures

Outstanding Forward Exchange Contracts entered into by the Company

- a) Forward Contracts outstanding as on Balance Sheet Date:

Particulars	Currency	31.03.2016	31.03.2015
Trade Payables	USD Lakhs	6,07.56	-
	₹ Lakhs	406,66.16	-
Foreign Currency Term Loan	EURO Lakhs	83.93	96.81
	₹ Lakhs	69,73.69	80,60.94

- b) Details of Unhedged Foreign Currency exposure

Particulars	Currency	31.03.2016	31.03.2015
Accrued Interest	USD Lakhs	2.89	2.50
	₹ Lakhs	1,91.48	1,56.30
Trade Payables	USD Lakhs	6,30.47	11,31.39
	₹ Lakhs	417,72.04	707,00.39
Foreign Currency Term Loan	EURO Lakhs	14.15	0.04
	₹ Lakhs	10,67.73	2.67

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

37 Exceptional & Extraordinary item

During the year, the Audit Committee had directed expeditious investigation in relation to all the transactions with United Breweries Holdings Ltd [UBHL] and its group companies [UB Group] referred in paragraphs (a) & (b) below. Pursuant to the directions of the Audit Committee, M/s. Ernst & Young LLP were engaged to carry out the forensic investigation as required and the presentation made by them, at the meeting of the Audit Committee and Board of Directors held on 06 May 2016, stated that during the earlier financial years, the transactions involved in investment in the preference shares of the Bangalore Beverages Limited [BBL], a UB Group entity and advances to UBHL, may have involved irregularities and elements of mismanagement in the Company.

The Company is taking necessary legal advice in connection with the findings of M/s. Ernst & Young LLP.

(a) Exceptional Item

During the financial years 2010-11 & 2011-12, payments of ₹ 5200 lakhs were made to UBHL which was adjusted over a periods towards certain amounts payable to UBHL. The outstanding dues of ₹ 1668 lakhs as at 31 March 2016 from UBHL is provided as exceptional item in view of the uncertainty of recoverability.

(b) Extraordinary Item

During the earlier financial years, funds were invested as subscription to optionally convertible Redeemable Cumulative Preference Shares of ₹ 100/-each with a coupon rate of 0.001% repayable after 20 years in BBL during 2012-13 for ₹ 20,000 lakhs. The said investment in the preference share capital of BBL was redeemed by fresh issue and subscription of 2,00,000 Redeemable Cumulative Preference Shares of ₹ 1/- each with a coupon rate of 10% repayable after 20 years at a premium of ₹ 9,999/- per share during 2013-14. In June 2015, an attempt was made for early redemption by mutual consent as per the terms of issue of the said preference shares which was futile. Accordingly, in view of the developing circumstances, a provision for the investment in the preference share capital of ₹ 20000 lakhs in BBL is made.

38 As per the practice consistently followed by the Company, the concession rate for Urea has been recognised based on latest notification rates under NPS-III and further adjusted with input price escalation/(de-escalation) aggregating (₹ 767,85.15 lakhs) for the year 2015-16 as estimated by Management [previous year (₹ 176,56.36 lakhs)].

39 Value of imported and indigenous Raw materials and Spare Parts Consumed

(₹ in lakhs)

	Imported				Indigenous			
	2015-16		2014-15		2015-16		2014-15	
	Value	%	Value	%	Value	%	Value	%
Raw Material	1128,80.88	95.65	1007,15.62	89.93	51,28.04	4.35	112,75.51	10.07
Spare Parts	1,80.55	16.28	87.53	13.20	9,28.20	83.72	5,75.68	86.80

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

	2015-16	2014-15
	Value	Value
40 C.I.F. Value of Imports		
Capital Goods	39,22.55	1,10.80
Spare Parts	3,68.55	68.18
Raw Materials	580,48.74	473,93.69
Fuel oil	-	16,87.91
Traded Goods	297,73.09	637,97.56
	921,12.93	1,130,58.14
41 Expenditure in Foreign Currency		
Travel	6.54	24.18
Consultancy	-	86.32
Interest	5,84.76	4,25.88
Others	30.60	57.13
	6,21.90	5,93.51
42 Earnings in Foreign Currency		
Exports (F.O.B. Value)	2,74.27	89.22
	2,74.27	89.22
43 Proposed Dividend to Equity Shareholders:		
a) Amount per share (In Rupees)	-	0.60
b) Proposed dividend	-	7,11.09
44 Certainline items which are specified in the prescribed format of the schedule III, wherever amount is nil for current and previous year are not shown.		
45 Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.		

For **K. P. Rao & Co.**
Chartered Accountants
Firm Regn. No. 003135S

Arun Duggal
Chairman

N. Suresh Krishnan
Managing Director

K. Prabhakar Rao
Director - Works

Desmond J Rebello
Partner
Membership No. 015140

Vijayamahantesh Khannur
Company Secretary

T. M. Muralidharan
Vice President – Finance

Gurgaon
May 6, 2016



Mangalore Chemicals

& Fertilizers Limited Registered Office: Level 11, UB Tower, UB City, No. 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

Attendance Slip

Please bring this attendance slip and hand it over at the entrance of the venue of the meeting

Name & Address of the shareholder

.....
.....
.....
.....

FOLIO NO.

DP/ID*

CLIENT ID*

*Applicable to investors holding shares in electronic form

I/We hereby record my/our presence at the **49th ANNUAL GENERAL MEETING at Conference Hall, 1st Floor, UB Tower, UB City, No. 24, Vittal Mallya Road, Bangalore – 560 001.**

Signature of the Member or Proxy

Shares Held

Shareholders/Proxy holders are requested to bring the attendance slip with them duly completed and hand them over at the entrance.

TEAR OFF

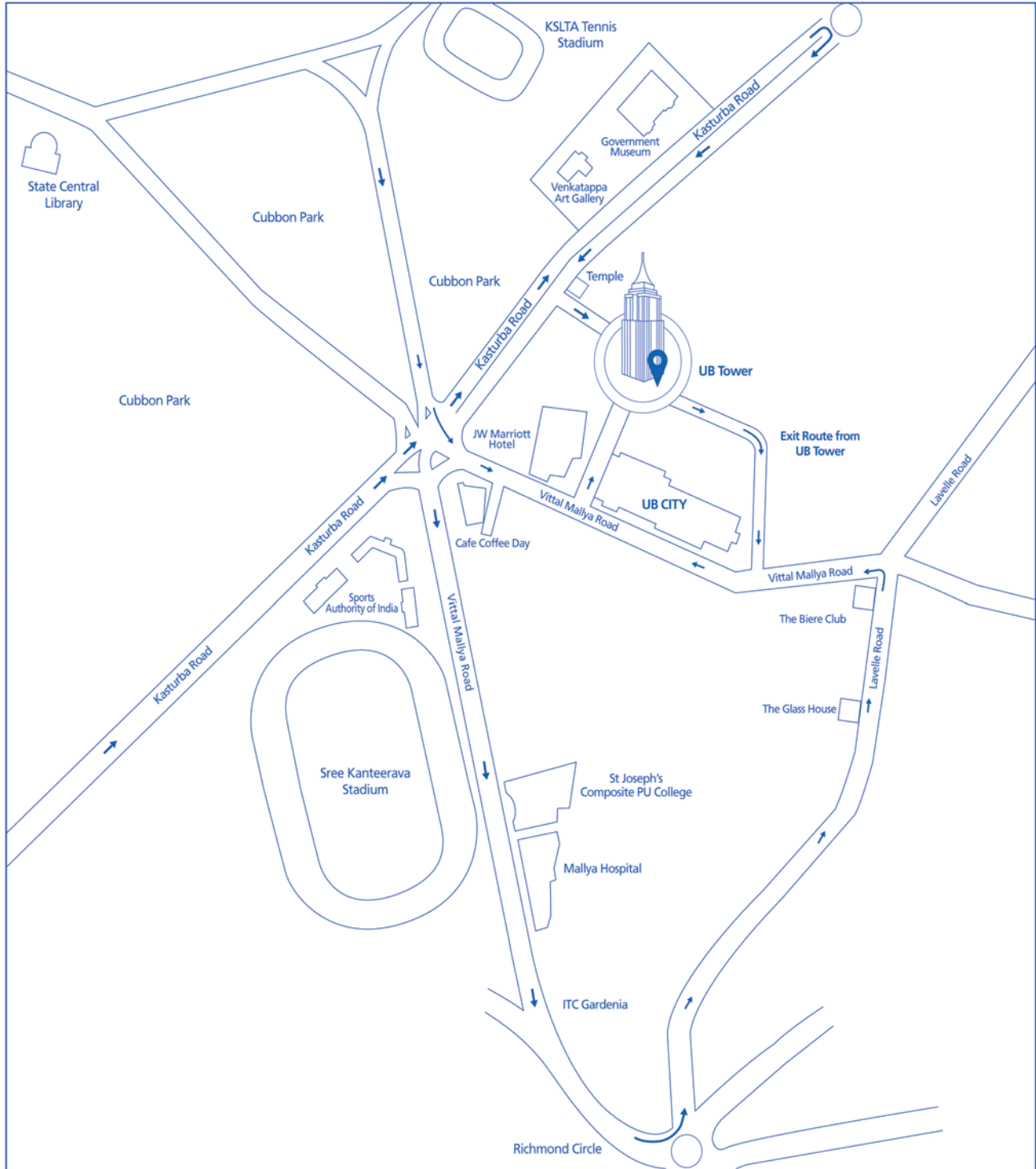
DETAILS / SCHEDULE OF E-VOTING

e-Voting period begins on	September 23, 2016 at 9.00 a.m.
e-Voting period ends on	September 26, 2016 at 5.00 p.m.
Name of the Scrutinizer	Mr. Sudhindra K S, Practicing Company Secretary
Instruction for exercising your e-vote	Please read the detailed instruction given in the notice
Help	You may refer FAQs and e-voting manual available at www.evotingindia.com or write an email to helpdesk.evoting@cdslindia.com

TEAR OFF

Route Map

VENUE : CONFERENCE HALL, 1ST FLOOR, UB TOWER, UB CITY, NO. 24, VITTAL MALLYA ROAD, BENGALURU - 560 001.





Mangalore Chemicals
& Fertilizers Limited

Registered Office: Level 11, UB Tower, UB City, No. 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

Proxy form

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s) : _____
Registered address : _____
E-mail Id : _____
Folio No/ Client Id : _____
DP ID : _____

I/We, being the member(s) of shares of the above named company, hereby appoint:

- Name : _____ Address : _____
E-mail Id : _____ Signature : _____ or failing him;
- Name : _____ Address : _____
E-mail Id : _____ Signature : _____ or failing him;
- Name : _____ Address : _____
E-mail Id : _____ Signature : _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 49th Annual General Meeting of the Company, to be held on **Tuesday, September 27, 2016 at 10.30 a.m.** at Conference Hall, 1st Floor, UB Tower, UB City, No. 24, Vittal Mallya Road, Bangalore – 560 001 and at any adjournment thereof in respect of such resolutions as are indicated below :

Sl. No.	Resolutions
1	Adoption of Audited Balance Sheet of the Company as at March 31, 2016, the Statement of Profit & Loss for the year ended on that date and the reports of the Board of Directors and the Statutory Auditors thereon
2	Re-appointment of Mr. Akshay Poddar as Director of the Company
3	Ratification of appointment of M/s. K. P. Rao & Company, as Statutory Auditors
4	Appointment of Mr. V. S. Venkataraman as Director of the Company
5	Appointment of Mr. D. A. Prasanna as an Independent Director of the Company
6	Appointment of Mr. N. Suresh Krishnan as Managing Director of the Company
7	Appointment of and approval of remuneration to Mr. K. Prabhakar Rao as Director-Works
8	Ratification of Cost Auditor's remuneration.
9	Approval of transactions with Zuari Agro Chemicals Limited

Signed this _____ day of _____ 2016.

Signature of shareholder _____

Signature of proxy holder(s) _____

Affix Re. I
Revenue
Stamp &
sign

Notes:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
- A person can act as proxy on behalf of Members upto and not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. Further, a Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member.
- The Proxy holder shall prove his identity at the time of attending the meeting.

An ISO 14001 Certified Company

If undelivered, please return to:

Mangalore Chemicals & Fertilizers Ltd.,

Level 11, UB Tower, UB City,

24, Vittal Mallya Road

Bangalore - 560 001

www.mangalorechemicals.com