



THE **UB** GROUP

28.4.2005

Press Release

### MCF PBT up 63%

Mangalore Chemicals & Fertilizers Limited has declared sterling audited results for both Q4 and the year 2004-05. Q4 sales have gone up by 24% with a surge in profit before tax by 24% compared to 2003-04. The audited financial results of the Company approved by the Board of Directors at its meeting held on 27.04.2005, reveals that the position for the entire year 2004-05 is even better. Profit before tax at Rs.36.68 crore is up by 63% on net sales of Rs.878 crore up by 43% compared to the last year. The overall improvement in performance during 2004-05 is due to volume growth, energy savings and cost control, especially reduction in marketing costs.

The Company, which went before the BIFR in August 1994 with heavy accumulated losses, is one of the most successful turnaround cases. The turnaround started in 1996-97 when the Urea plant achieved rated capacity for the first time since commencement of operations 23 years ago. In 1996-97 a marginal net profit was made. Since then the Company has been showing steady growth in both its top and bottom lines. The huge accumulated losses were wiped out in 2000-2001 with the net worth turning positive. From April 2000 it became an almost debt-free company. By December 2002 the Company came out of BIFR. Revamp of the plant has been undertaken in two phases so far with over Rs. 105 crore having been spent. The third phase of the revamp is planned in March 2006 when certain critical equipment, which have reached the end of their effective lives, will be changed, at an estimated cost of Rs. 56 crore. With the completion of this revamp, the plants will become more reliable with improved safety systems introduced.

Even though it is an old Naphtha based unit, consistent levels of production, sales and profitability have been made year-on-year despite the stringent fertilizer policy of the GOI, vagaries of the monsoon and a 30 year old plant. Such excellent performance by a once terminally sick company is most creditable given the fact that many other fertilizer units of similar vintage, many of them in south India, are either closed, near closure or making huge losses.

To reduce the losses being made on the phosphatic range of fertilizers, a captive Sulphuric Acid plant with a capacity of 100 tonnes per day should be commissioned in October this year at a total capital cost of Rs. 11.75 crore.

Mr. D P Mehta, who was the Managing Director of the Company, during this period of turnaround, has resigned. The UB Group has nominated Mr. Deepak Anand as a member of its Board in his place. At the meeting of the Board of Directors yesterday, the appointment of Mr. Deepak Anand as Managing Director of the Company was approved. Mr. Deepak Anand has been with the Group for 17 years and was till recently the President of UB Global Corporation, another UB Group company.

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