murugappa

Coromandel
FUTURE POSITIVE

Grow
More

Coromandel International Limited
Annual Report 2013-14

Across the **pages**

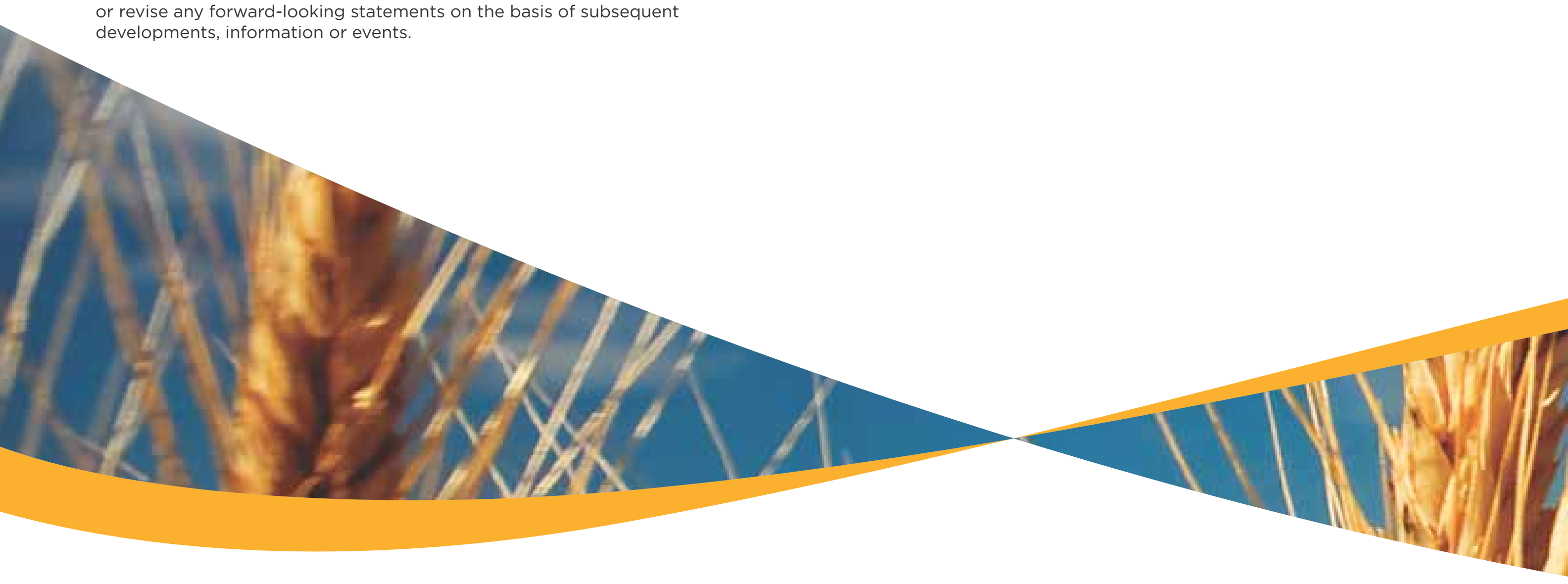
Corporate Overview

Management Reports

Financial Statements

Forward-looking Statements

Statements in the Annual Report detailing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. These statements being based on certain assumptions and expectation of future events, actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting domestic demand-supply conditions, finished goods prices, changes in government regulations because we are using tax regime etc. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of subsequent developments, information or events.



Grow **More**

Limited natural resources are pitted against growing human needs. Growing more from limited resources becomes imperative to meet today's increased needs. While meeting increased needs of today, one ought to conserve nature for future generations too. Amid complexities like these, Coromandel is championing the cause of 'GROW MORE' in such a manner that tomorrow's needs are not compromised with.

With this objective at the core, Coromandel has not only grown to become India's second largest phosphatic fertiliser manufacturer but has also made significant inroads in allied products. It has built a strong pipeline of crop protection products by growing through organic as well as inorganic route. The crop protection business produces insecticides, fungicides and herbicides that are marketed in India and across the globe. To further enhance and offer a complete bouquet of plant nutrition solutions, Coromandel has also introduced a range of Specialty Nutrient products including organic fertilisers. To further accelerate growth, it has set up a chain of retail outlets across Andhra Pradesh & Karnataka.

As an organization cognizant of its growing responsibilities, it has a well-structured and comprehensive growth model in place. Apart from remaining focused on growing its investor's value, Coromandel has also worked towards enhancing its product portfolio to yield better results and formulate better HR policies for its employees to offer them opportunities to grow and progress. Along with this, Coromandel is also being socially responsible by giving back to the society and participating in causes that can positively impact the future of people related with them.

At Coromandel as we 'Grow More', we would continue seeking more means to conserve as well as gain more yield and at the same time remain dedicated to even give back more.

Chairman's **Message**

PHOSPHATIC FERTILIZER CONSUMPTION

The year completed was a good one for the fertiliser sector which saw the phosphatic fertiliser consumption recover from the consumption lows seen in 2012-13.

CROP PROTECTION & SPECIALITY NUTRIENT BUSINESSES

Coromandel also scaled up its crop protection, retail and specialty nutrient businesses which has reduced the exposure to the base subsidy business.

Dear Shareholders,

Coromandel has been at the forefront of the Indian agricultural inputs sector delivering high quality agri-inputs and crop protection products to the farmers since 1961 and it gives me great pleasure to see the Company take significant steps to continue this long standing tradition.

Since its inception, Coromandel has grown to become the largest private sector phosphatic fertiliser marketer & producer and has also added crop protection, specialty nutrient & organic manure to its portfolio of products & offerings in order to serve the farmer. Coromandel has also established retail outlets in AP and Karnataka in order to offer the farmers a complete basket of products and also technical advisory on farming practices.

This journey of Coromandel to become one of the leading agri-inputs player in India was made possible by the active engagement of various stakeholders and I would like to take this opportunity to thank everyone involved for their unwavering support. I would also like to recognize the contributions made by the dedicated employees of Coromandel in this journey and am confident that their continued involvement will propel the Company to a greater future.

The year completed was a good one for the fertilizer sector which saw the phosphatic fertiliser consumption recover from the consumption lows seen in 2012-13. This consumption revival on the back of strong monsoons allowed the industry to liquidate pipeline inventory and recover working capital tied up in the markets. In addition to the strong marketing performance, the Company also optimized its manufacturing facilities and maintained strong relationships with raw material

suppliers for streamlined operations. Coromandel also scaled up its crop protection, retail and specialty nutrient businesses which has reduced the exposure to the base subsidy business.

The long-term demand fundamentals of the agricultural sector continue to remain strong with the increasing population & dietary mix fuelling food grain demand and agricultural productivity having to increase to globally benchmarked highs to provide the supply response. These factors will continue to be the primary growth drivers for this sector and Coromandel is well placed to participate efficiently.

The formation of the new Government with a strong mandate has the business community optimistic that a pro-reform approach will prevail in the central government and policies that require attention will be modified to eliminate constraints from the system. The Urea subsidy policy has continued to distort the price disparity between Urea & phosphatic fertilisers and the resulting low Urea price continues to influence its relatively higher application levels as compared to phosphatic, potassic & micronutrients required to maintain healthy nutrient balance in the soil. We are hopeful that this policy issue will be addressed at the earliest to ensure not only the long-term health of the agricultural sector but also considerably improve nutrient use efficiency. In addition to the subsidy policy, there are a host of customs duty and tax related topics that also require urgent attention of the policymakers to ensure the long-term sustainability of domestic manufacturers.

I am confident that Coromandel will continue to re-invent itself and remain the premier agri-input and solution provider in India. The various initiatives completed in the year have further strengthened the Company's competitive position and will continue to be levers of advantage for many years to come.

with best wishes
A Vellayan

Managing Director's **Message**

Dear Shareholders,

Your Company has been a leader in the agri-inputs sector for over five decades and continues to be a pioneer in developing newer value added products and solutions for use by the farmers. It gives me great pleasure to be a member of the Coromandel family and would like to extend my appreciation to all the stakeholders for their active participation.

During the year completed, your Company took a disciplined approach to reduce the fertiliser pipeline inventory on the strength of good monsoons in the Country. The market contraction witnessed a year ago in 2012-13 has eased considerably and the phosphatic fertiliser application levels are continuing to grow from historic lows. Your Company also worked hard to strengthen the key fertiliser brands, GROMOR and GODAVARI, and has also ensured production of high quality products at its manufacturing facilities which has helped improve its brand equity levels. In addition, the Company also conducted several large farm demonstrations and continued to increase direct engagement levels with farmers. These efforts have allowed your Company to increase its all-India market share from 13% in 2012-13 to 16% in 2013-14.

The upgraded manufacturing facilities and capacity expansions have created considerable flexibility in the Company's production portfolio to meet the emerging fertiliser requirements of markets it is present in and do so while producing quality material. In addition, the Company strengthened its relationships with key raw material suppliers to ensure greater security of input supply.

The Company has completed the launch of its umbrella brand for its Crop Protection products and now sells them under the GROMOR SURAKSHA

HIGH QUALITY PRODUCTS

The Company also worked hard to strengthen the key fertiliser brands, GROMOR and GODAVARI, and has also ensured production of high quality products

FERTILISER PIPELINE INVENTORY

During the year completed, your Company took a disciplined approach to reduce the fertilizer pipeline inventory on the strength of good monsoons in the Country.

brand with safety being one of the key brand values. This consolidation of the various brands under the umbrella brand will allow the Company to position its products on one marketing platform and offer the farmer & dealers a consistent message. In addition, the Company has expanded its export business significantly and grown the key Latin America business to achieve significant scale. The continuing growth of the Latin America, Asia Pacific & Africa markets and the Company's existing footprint in these markets will continue to remain a key growth platform for the crop protection business in the near to middle term.

The Specialty Nutrients business has continued to increase its scale by positioning its newly created independent marketing team as crop-based units and providing the farmer with crop specific solutions. The Retail business has improved the overall performance by significantly increasing the share of non-fertiliser sales from its Mana Gromor centers in AP and Namma Gromor centers in Karnataka. These retail centers continue to provide a complete portfolio of agri-inputs to the farmers while providing sound technical advice based on scientific principles. This combination of products and advisory has positioned Retail as a complete solution provider to the farmer which positions this business for long-term viable growth.

In addition to strengthening and growing the different businesses, your Company also completed the merger of Liberty group with Coromandel and also completed the re-alignment of the two companies' marketing teams to ensure greater realization of synergies. The merger process for the merger of Sabero with Coromandel is progressing as per schedule.

The agricultural sector continues to remain a vibrant and critical part of the Indian economic landscape and your Company is well positioned to continue to be a premier player in this sector. With your continued support and the enhanced capabilities of people, I am confident of the future success of Coromandel.

with best wishes
Kapil Mehan

Business Highlights

Financial Highlights - (Standalone)

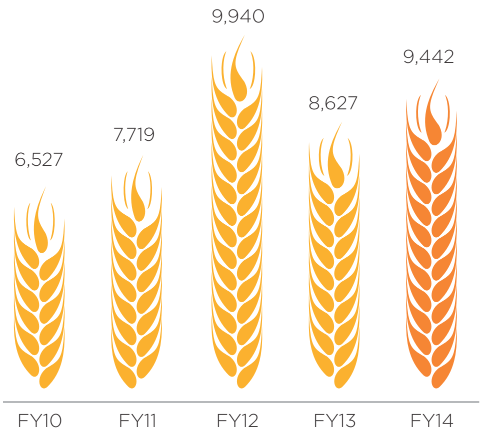
(₹ Lakhs)

	Year Ended 31st March									
	2014	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
Gross revenue	9,44,189	8,62,727	9,93,994	7,71,902	6,52,685	9,66,781	3,80,011	2,08,423	1,87,471	1,55,417
Gross profit	78,737	80,154	1,14,244	1,13,649	84,304	94,903	45,537	21,812	17,645	14,670
Depreciation and amortisation expense	8,203	5,854	5,616	6,174	5,923	5,613	5,213	3,984	3,708	3,510
Finance costs	21,096	17,667	11,651	8,629	7,537	8,472	6,983	3,193	2,401	1,873
Profit before tax	49,438	56,633	96,977	98,846	70,844	80,818	33,342	14,635	11,536	9,287
Profit after tax	34,485	44,399	69,327	69,446	46,820	49,638	20,976	10,074	8,355	6,919
Net fixed assets	1,23,803	1,16,999	94,023	81,434	81,731	79,184	73,539	38,241	36,367	37,134
Networth	2,23,332	2,17,561	2,37,119	1,90,411	1,43,499	1,12,714	79,444	51,244	43,799	37,906
Earnings per share (₹)*	12.05	15.70	24.57	24.69	16.72	17.74	7.50	3.97	3.29	2.72
Dividend on equity (%)	450	450	700	700	500	500	175	100	85	75
Book value per share (₹)*	78.9	76.9	83.9	67.6	51.2	40.3	28.4	20.2	17.3	14.9

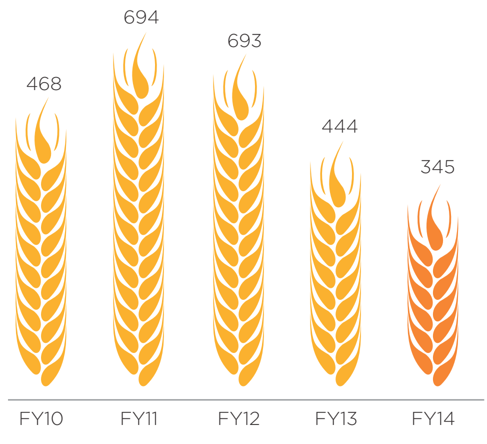
1. Financials from 2010-11 onwards are presented as per Revised Schedule VI
2. Financials for 2013-14 include erstwhile Liberty Phosphate Limited and erstwhile Liberty Urvarak Limited which merged with Coromandel effective 1 April 2013
3. Financials from 2007-08 onwards include erstwhile Godavari Fertilisers and Chemicals Limited which merged with Coromandel effective 1 April 2007
4. Financials from 2006-07 onwards include Ficom Organics Limited and its wholly owned subsidiary Rasilah Investments Limited which merged with Coromandel effective 1 April 2006

* Earnings per share and book value per share upto the year 2010 recomputed based on split face value of ₹ 1/- per share.

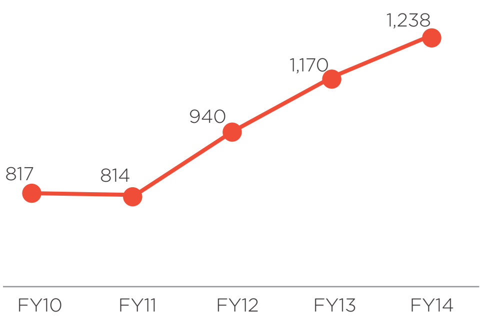
Net Sales (₹ crore)



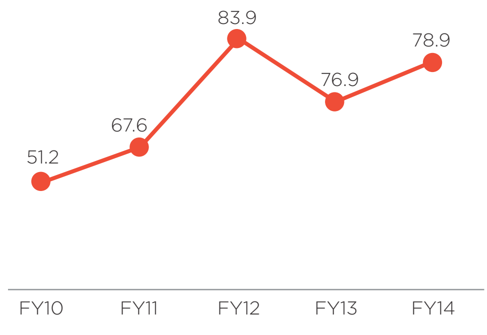
PAT (₹ crore)



Net Fixed Assets (₹ crore)



Book Value Per Share (₹)



Highlights

- 1 million tonnes of SSP capacity with merger of Liberty Phosphate
- New fertiliser grades fortified with micro-nutrients and Sulphur
- Consolidation of Crop Protection business with the proposed merger of Sabero and gaining wider access of domestic and international markets
- Improved efficiencies, constant efforts to reduce conversion cost
- New production facility ('C' train) at Kakinada stabilised

Gain **More**

In 1961, the world was feeding 3.5 billion people by cultivating 1.37 billion hectares of land. Half century later, the world population had doubled to 7 billion while land under cultivation increased by only 12% to 1.53 billion hectares. Then too the agricultural production has increased three times. This was due to significantly increasing per hectare productivity. By getting more output from existing resources, global agriculture has grown, proving wrong past concerns that the world's population would exceed its food supply. Fertilisers and crop protection products have played a significant role in this enhanced productivity.

At Coromandel, for a better per hectare productivity, we strongly believe and promote a balanced use of fertilisers as well as pesticides. With this steady focus, we have developed more crop specific and area specific formulations for complex fertilisers rather than selling plain vanilla DAP. We have even gone to the extent of fortifying some of these with micro-nutrients and have started selling fortified DAP. Seeking more, we would continue to move towards specializing and customizing our offerings to the farmers.

In our pursuit to gain more, we have touched the last mile with a vast network of retail outlets in our key markets of Andhra Pradesh and Karnataka. These outlets not only offer our vast range of high quality crop inputs but also give knowledge about modern means of farming. We are further planning to enhance these offerings in other regions as well. Seeking more avenues to gain more yield, we have visualized mechanized farming to emerge in a big way. Hence, to provide best-in-class transplanters to rice farmers, we have entered in a JV with Japan's leading farm equipment manufacturer-Yanmar.

SPECIFIC FORMULATIONS

we have developed more crop specific and area specific formulations for complex fertilisers rather than selling plain vanilla DAP

In our pursuit to gain more, we have touched the last mile with a vast network of retail outlets

Conserve **More**

With limited resources at disposal, it becomes important to not only enhance the yield but also conserve the resources available to the maximum extent. With this mantra, we at Coromandel are not only assiduously working towards garnering higher yields for farmers but also working towards minimizing consumption of resources during our manufacturing process. To curb the emission of Green House Gases, which primarily pertains to our energy consumption, we have set up a comprehensive energy policy.

We constantly analyze the extent of our water requirements and explore ways to reduce our consumption.

This policy is focused on taking all necessary steps to make us one of the energy-efficient and cost-effective manufacturing Company in the fertiliser sector. We are the pioneers in India to install a sulphuric acid plant based on Double Conversion Double Absorption (DCDA) technology, which is the most efficient technology for reducing emissions. Today, all our sulphuric acid plants are based on this technology. Also, all our plants undertake energy conservation projects through Kaizen / TQM / Small Group Activity (SGA).

To continue conserving resources it is of great importance that we do not contaminate them. To control this risk of contamination, our manufacturing units have efficient treatment Plants in place and this helps us to control the risk of negative impacts on the environment as well as the surrounding communities. All hazardous waste from our plants is disposed in an environmentally sound manner as prescribed by local Pollution Control Boards.

We constantly analyze the extent of our water requirements and explore ways to reduce our consumption. We have implemented water management programs at our facilities to reduce our water footprint. In addition, we have also sought to improve our products to help farmers enhance crop productivity whilst ensuring minimal water usage.

PIONEERS IN INDIA

We are the pioneers in India to install a sulphuric acid plant based on Double Conversion Double Absorption (DCDA) technology

Progress **More**

Growth of a company is hollow if those driving its growth lack opportunities to progress more. Hence, our Human Resource framework is built with the object to encourage the culture of high performance by engaging employees and providing them with a vibrant work environment with ample opportunities for career progression. All-round enrichment is at the core of this framework which inculcates a culture of ethical practices, knowledge sharing and capability development for better career progression.

To set the right growth track for our most important assets, our employees, it is imperative to understand their career ambition. To assess it well, we have formulated various counseling process and structured assessment tools like Learning Style Inventory (LSI), Career Orientation Inventory (COI) and Competency Assessments and Development Center (DC) among others. Those with high ambition and High Potential (HiPo) are provided with various developmental opportunities through classroom & on-the-job training, coaching, mentoring and cross functional / locational / SBU work experience to pursue the career ambition in any business/function/specialized role of choice within the organization or group.

Succession planning forms an integral part of Coromandel's Leadership development model and employee career growth. Readiness profiles shall be developed for all successors through 9-box matrix of potential Vs performance and accordingly detailed Individual Development Plans are initiated to enhance the depth of Leadership pipeline.

Coromandel constituted 'People Development Committee - PDC' in the year 2012, comprising Managing Director and top management team as members who personally involve and ensures high thrust on people development and career progression initiatives of the organisation.
Like Coromandel's 'GROMOR', which provides enriched plant yield to farmers, the employer brand 'ENRICH' nurtures employees development to ensure that they progress more.

THE RIGHT GROWTH

To set the right growth track for our most important assets, our employees, it is imperative to understand their career ambition.

Give **More**

As we grow more, we are continuously seeking opportunities to give more. With this objective, we have assiduously endeavored towards improving the quality of education and healthcare services in the society we live and operate in.

Improving the quality of education and healthcare services in the society we live and operate in.

As part of our initiatives in education, we have implemented better infrastructure and facility to allow greater access to quality education. Also, to cultivate better values and skills among students various workshops are conducted which also involve their parents to equip them with better life skills. We take many such initiatives across regions in proximity to our manufacturing units. At our Jammu Plant, we are working with the government primary school to improve the quality of education in the region. At Sarigam, Gujarat, the cause of girl child education was supported further by the provision of Scholarships for the meritorious students. Apart from these activities, we constantly donate school books and other school related material as and when the need arises.

We have always extended our helping hand towards strengthening government run healthcare institutions and programs. During the year, we have contributed towards the refurbishment of the Pediatric ward in the Government General Hospital in Kakinada, which has led to improved facilities in the Pediatric wards and the Neo Natal Intensive Care Unit in the hospital. In addition to this, our focus on health programs has always been spearheaded by the provision of quality medical services to the deprived. Our Ranipet Plant played an active role in the Polio vaccination camps organized by the Government. Medical camps and information sharing sessions have also been organized in Ankleshwar, Vishakapatnam and Ennore to contribute to better health conditions among the community, at large.

IMPROVING QUALITY

At our Jammu Plant, we are working with the Government primary school to improve the quality of education in the region.

Our Ranipet Plant played an active role in the Polio vaccination camps organized by the Government.

The World of **Coromandel**

Incorporated in 1961, Coromandel International Limited is the flagship company of the ₹ 225 billion Murugappa Group. Coromandel is India's second largest Phosphatic fertiliser player. It is in the business segments of Fertilisers, Specialty Nutrients, Crop Protection and Retail. The Company manufactures a wide range of fertilisers and markets around 4.7 million tons making it a leader in its addressable markets.

Vision

To be the leader in farm solutions business in geography of choice, consistently delivering superior value to stakeholders through highly engaged employees, with a strong commitment towards sustainability and our values.

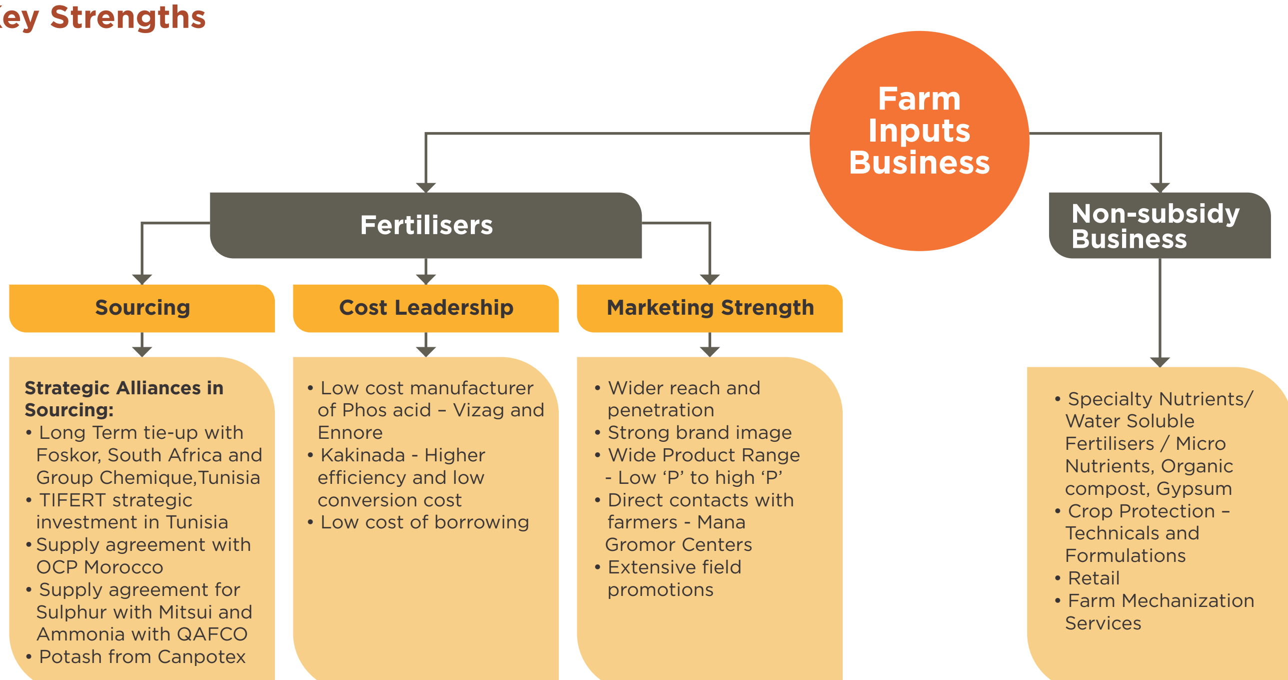
Mission

To enhance prosperity of farmers through quality farm solutions with sustainable value for all stakeholders

Business Units

- Fertilisers
- Crop Protection
- Speciality Nutrients
- Retail

Key Strengths



Key manufacturing unit's location

Coromandel's Corporate Office is located at Secunderabad in Andhra Pradesh. The Company's manufacturing facilities and marketing branches are spread across India.

Fertiliser plants

- Kakinada & Visakhapatnam in Andhra Pradesh
- Ennore & Ranipet in Tamil Nadu.
- SSP Plants
  - Hospet, Karnataka
  - Udaipur and Kota, Rajasthan
  - Baroda, Gujarat
  - Pali, Maharashtra
  - Khargone, Madhya Pradesh
  - Raebareli, Uttar Pradesh

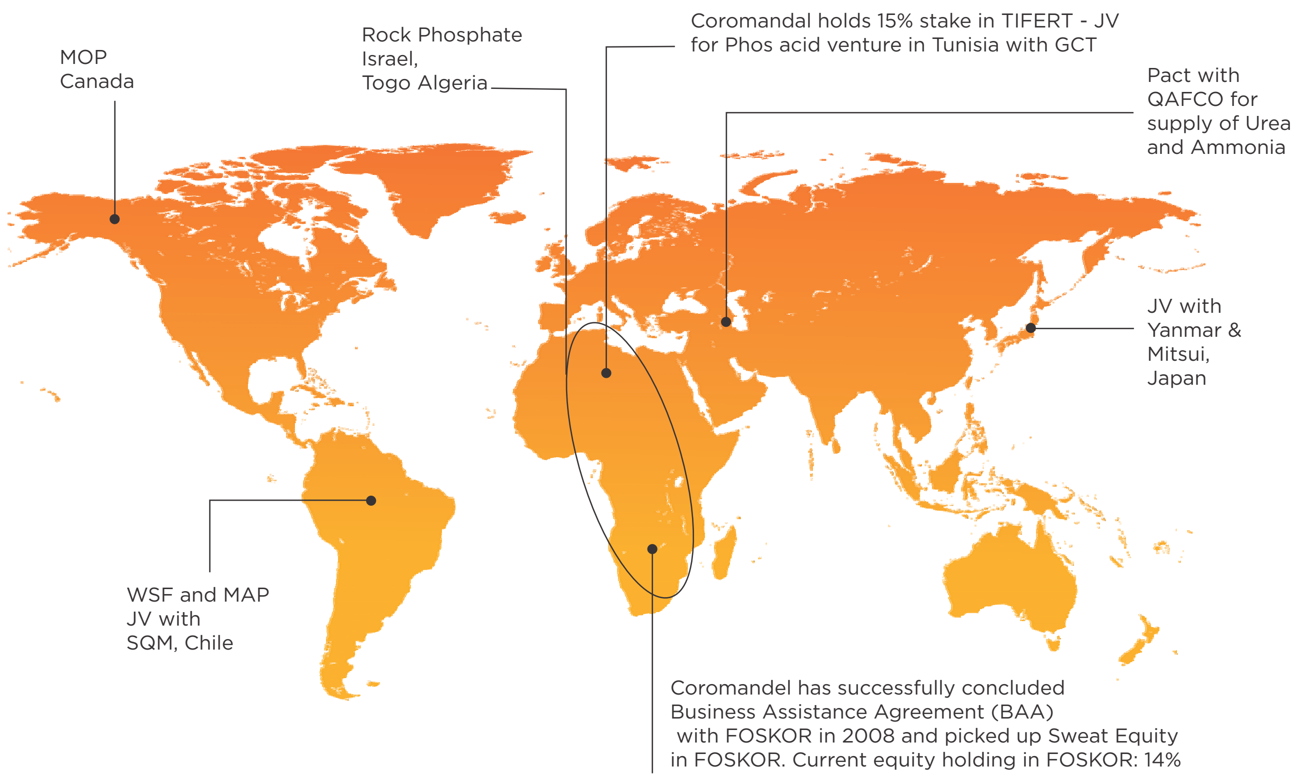
Crop Protection plants

- Ranipet in Tamil Nadu
- Ankleshwar in Gujarat
- Jammu in J&K
- Subsidiary - Sarigam, Sabero

Fertiliser

Started in the year 1961, the fertiliser business over the past half a century has come a long way from a mere 1.8 lac MT production capacity then to close to 47 lac MT production capacity now. The Company has moved to this stage as a result of organic as well as inorganic growth. In its journey through the years, it has acquired many companies that have added great value, strategically. With most of its raw material being imported to ensure uninterrupted supplies, the Company has formed many associations globally.

Global Strategic Alliances



Key highlights for the year

- Increased its all-India PK fertiliser market-share to over 16% in 2013-14 (13% in 2012-13)
- Strengthened its position as a key player in its key addressable markets of Andhra Pradesh, Karnataka and Maharashtra.
- The total production of DAP and Complexes in 2013-14 from Coromandel's production facilities was 22.55 lakh tons.
- The new production stream, C-train at Kakinada, stabilised.
- Introduction of fortified fertilisers was a key area of focus in 2013-14 and
    - a new NP grade 24-24-0 fortified with 8% sulphur was produced commercially at Vizag plant using Shell technology.
    - DAP fortified with zinc was produced commercially in Kakinada plant
    - Single super phosphate fortified with Boron was produced in Ranipet plant.

Crop Protection

Coromandel manufactures and markets Crop Protection products Insecticides, Fungicides and Herbcidies. The Crop Protection portfolio includes several popular brands that enjoy leadership status in India and abroad. Coromandel constantly engages in reviewing its product mix to give the best fit. Coromandel exports its Crop Protection products to various countries and also has tie-ups with Multinationals for marketing their products in India.

Coromandel produces its Crop Protection products at its plants in Ankleshwar (Technicals); Ranipet & Jammu (Formulations). Company’s subsidiary Sabero organics has manufacturing facility (Technical) at Sarigam, Gujarat.

Key operational highlights

- During FY13-14, SBU recorded strong growth over previous years by leveraging its domestic distribution network, scaling up technicals and its direct presence in key Latin America, Africa and Asia Pacific markets
- To create a new identity and engage farmers in a responsible manner, SBU launched a new umbrella brand “Gromor Suraksha”, offering strong value proposition to farmers
- Consistency in product quality and volumes established
- Increased volumes and presence in Central America through subsidiary in Mexico

Specialty Nutrient

The Specialty Nutrient division of the Company consists of Sulphur based nutrients as well as water soluble nutrients. This business compliments the Company's efforts in improving the Indian farm productivity by supplementing / correcting secondary and micro nutrient deficiency prevailing in Indian soils and focuses on the marketing of concept products for Indian agriculture.

In its efforts to promote balanced fertilisation, Coromandel intends to be a complete plant nutrition solution Company by adding specialty nutrients/ fertilisers to its portfolio and now offers various customized products to its customers.

Key Operational highlights

- The business has grown by 18%- registering healthy growth in all three product categories- Water Solution Fertilizers (WSF), Sulphur Products and Micro Nutrients (Boron, Zinc, Chlorine etc).
- Coromandel emerged as market leader in Water Soluble Fertilizers and Sulphur product segments.
- During the year, six new products were introduced to offer need based crop solutions.
- Coromandel SQM, the 50:50 Joint Venture with SQM, to produce WSF at a new plant in Kakinada, has been helping Coromandel through knowledge sharing and new product introduction has grown in its operations significantly during the year.

Coromandel intends to be a complete plant nutrition solution Company by adding specialty nutrients/ fertilisers to its portfolio and now offers various customized products to its customers.

Retail

The retail arm of Coromandel was started in the year 2007 with 2 centers. Currently, the Company operates around 660 Retail centers under brand name of Mana Gromor and Namma Gromor in Andhra Pradesh and Karnataka, respectively, through which it markets its products and services directly to the farmers.

The products range offered includes entire range of agri inputs like fertilisers, Crop Protection products, secondary and micronutrients, seeds, sprayers, mechanized farm services and veterinary feed. The retail centers also support farming community with services like soil testing, field visits for crop diagnosis, technical advice by in-house team and Agri-scientists, support with toll-free helpline “Hello Gromor”.

Each retail center has an average area of 2500 square feet with a catchment area of 30-40 villages and about 5,000 farmer families. Currently, it serves close to 2 million farmers.

Key highlights

- Improved Brand equity index of MGC's from 4.3 to 5.6 and reached the segment of 'Very strong' Brand.
- Market Research initiatives like setup of Farmer Panels and Continuous Feedback Systems are used to understand latest trends and developments in farming and tapping lateral needs of farmers.
- The Farm Implements business has been scaled up with the introduction of Drip Irrigation equipment and auto-indenting systems have been introduced to improve supply chain. Visual merchandizing was introduced in MGCs to improve store presentation to focus on providing the customer a consistent and high-quality presentation of the product offerings.
- 'Gromor Webinar' and 'Gromor Scientist', the new initiatives scaled this year to enable farmers to interact directly with Scientists for seeking advice and conducting precision farming demos.
- Received the Award from Asia Retail Congress as “Retailer of the year – Rural Impact & CSR” in Feb 2014
- Received the FAI award “Effective use of ICT in Agriculture” in Dec 2013
- Received 3 Awards from CMO Asia, Singapore in Aug 2013 under Retail Marketing campaign, Rural impact & CSR and best technology initiatives & Implementation

Awarded India's **Best Managed Board**

- by Economic Times & Hay Group

V. RAVICHANDRAN
Vice Chairman

K BALA SUBRAMANIAN
Non-Executive & Independent Director

RANJANA KUMAR
Non-Executive & Independent Director

A. VELLAYAN
Chairman

Dr. B. V. R. MOHAN REDDY
Non-Executive & Independent Director

KAPIL MEHAN
Managing Director

UDAY CHANDER KHANNA
Non-Executive & Independent Director

M. M. VENKATACHALAM
Non-Executive Director

Board of Directors Profile

A. VELLAYAN
Chairman

Aged 61 years, he holds a Diploma in Industrial Administration from Aston University, Birmingham, UK, and Masters in Business Studies from the University of Warwick, Business School, UK. He is also the Executive Chairman of the Murugappa Group and a Director on the Board of Governors, Doon School, Dehra Dun. In the past, he has held the position of Vice President, Federation of Indian Export Organisation (FIECO) and member of National Export Committee - Confederation of Indian Industry (CII). He was the Managing Director of Tube Investments of India Limited and TI Diamond Chain Limited. He is presently the Chairman of Coromandel International Limited and EID Parry (India) Limited. He has around 25 years of work experience.

V. RAVICHANDRAN
Vice Chairman

Aged 58 years, he is an Engineering Graduate and holds a Post Graduate Diploma in Management from IIM, Ahmedabad. He is also a Cost Accountant and a Company Secretary. After having served Ashok Leyland Limited initially for a short period, he joined the Murugappa Group and worked in the Parry Group of Companies mainly in the fields of Finance and Marketing. He was the Managing Director of Coromandel International Limited. Currently, he is Lead Director (Fertilisers & Sugars) on the Murugappa Corporate Board.

KAPIL MEHAN
Managing Director

Aged 56, he is a graduate in Veterinary Science and Animal Health. He also holds a Post Graduate Diploma in Management from IIM, Ahmedabad, with specialisation in Agriculture. He brings with him rich experience and background in varied leadership roles. He started his career with Rallis India and later moved on to Tata Chemicals Limited. He held various positions in the Sales and Marketing function in Rallis and Tata Chemicals Limited before moving into the position of Chief Operating Officer for its fertilisers business in 2003. He took over as the Executive Director of Tata Chemicals in 2008. He joined Coromandel in 2010.

Dr. B. V. R. MOHAN REDDY
Non-Executive &
Independent Director

Aged 64 years, he holds a degree in Mechanical Engineering from the College of Engineering, Kakinada, and postgraduate degrees from IIT, Kanpur, and University of Michigan, Ann Arbor, U.S.A. He is a Member of the NASSCOM Executive Council. He is also a Member on the National Council of Confederation of Indian Industry (CII) and is the Co- Chairperson of the CII's National Committee on Design. He is the Chairman of the Board of Governors of IIT Hyderabad and is a proud recipient of an Honorary Doctorate from JNTU Hyderabad; Distinguished Alumnus Award from IIT Kanpur and ASME (American Society of Mechanical Engineers) CIE Leadership Award for outstanding leadership in advancing the use of computers in Information Engineering. He is the Founder Chairman and Managing Director of Cyient Limited. He is also on the Boards of Vizag IT Park Limited and Infotech HAL Limited.

RANJANA KUMAR
Non-Executive &
Independent Director

Aged 68 years, she holds a Bachelor of Arts, and is a Gold Medalist. She had an illustrious career in the Indian banking industry spanning over four decades. She started her career with Bank of India in the year 1966 as a probationary officer and held several senior positions in the Bank. She was CEO of US operations of Bank of India based in New York. She moved to Canara Bank as its Executive Director holding concurrent charge as Chairperson of Canara Bank. Thereafter, she became the Chairperson of Indian Bank and continued for a period of three and half years. She is also credited with turning around the ailing Indian Bank as its Chairperson within a period of 3 years and has authored a book on the turnaround. She also headed the National Bank of Agriculture and Rural Development (NABARD). She retired as Vigilance Commissioner of Central Vigilance Commission, Government of India.

UDAY CHANDER KHANNA
Non-Executive &
Independent Director

Aged 64 years, he is a Chartered Accountant. He is currently the Non-Executive Chairman of Lafarge India Pvt. Ltd. and Bata India Ltd. He also serves on the Boards of Castrol India Ltd., Pfizer Ltd., Thomas Cook (India) Ltd. and DSP BlackRock Investment Managers Pvt. Ltd. He was Managing Director & CEO Lafarge India from July 1, 2005 to July 2011. He joined the Lafarge Group in Paris in 2003 as Senior Vice President for Group Strategy, after a long experience of almost 30 years with Hindustan Lever/Unilever in a variety of financial, commercial and general management roles both nationally and internationally. His last position before joining Lafarge was as Senior Vice President Finance, Unilever - Asia, based in Singapore. He has earlier been on the Board of Hindustan Unilever as Director –Exports after having served as Financial Controller and Treasurer of the company. He has also worked as Vice Chairman of Lever Brothers in Nigeria and General Auditor for Unilever-North America based in the USA. He was the President of the Indo-French Chamber of Commerce & Industry in 2008 & 2009 and the President of the Bombay Chamber of Commerce & Industry in 2012-2013.

PRASAD CHANDRAN
Non-Executive &
Independent Director

Aged 62 years, he has graduated in Chemistry from Bombay University and done his MBA from University Business School, Chandigarh. He pursued advanced management education in Wharton Business School, University of Pennsylvania, and AOTS from Tokyo University, Japan. He has opted to superannuate after thirty seven years of corporate life, of which the last 13 years was as Chairman & Managing Director of BASF India Limited. He is an Independent Director on the Board of Bosch India Limited.

M. M. VENKATACHALAM
Non-Executive Director

Aged 55 years, he graduated from the University of Agricultural Sciences in Bangalore and holds a Masters Degree in Business Administration from George Washington University, USA. He has held senior positions in the Murugappa Group of Companies spanning a period of two and a half decades. He is presently the Chairman of Coromandel Engineering Company Limited and Parry Agro Industries Limited. He also serves on the Boards of Parry Murray Limited and Ramco Systems Ltd.

Corporate Information

BOARD OF DIRECTORS

A Vellayan
Chairman

V Ravichandran
Vice Chairman

K Balasubramanian
Director (upto 23.7.2013)

B V R Mohan Reddy
Director

Prasad Chandran
Additional Director

Ranjana Kumar
Director

J S Sarma
Additional Director (8.8.2013 - 28.2.2014)

Uday Chander Khanna
Director

M M Venkatachalam
Director

Kapil Mehan
Managing Director

MANAGEMENT TEAM

Kapil Mehan
Managing Director

G Ravi Prasad
President - Marketing (Fertilisers & Organic)

Amir Alvi
Sr Vice President & Head Manufacturing (Fertilisers)

Arun Leslie George
Sr Vice President & Head of HR

P Gopalakrishna
Sr Vice President - Speciality Nutrients & Business Development

S Govindarajan
Sr Vice President & Head - SSP Business

Harish Malhotra
Sr Vice President - Commercial

Ripu Daman Singh
Sr Vice President & Head - Retail

S Sankarasubramanian
Sr Vice President & Chief Financial Officer

COMPANY SECRETARY

P Varadarajan
Vice President - Legal & Company Secretary

BANKERS

State Bank of India
HDFC Bank
Hongkong and Shanghai Banking Corporation Limited
ICICI Bank
IDBI Bank
Yes Bank
State Bank of Patiala

AUDITORS

Deloitte Haskins & Sells
Chartered Accountants
1-8-384 & 385
3rd Floor, Gowra Grand
S.P. Road, Begumpet
Secunderabad - 500 003

COST AUDITORS

Mr V Kalyanaraman
Mr Dantu Mitra

REGISTRARS & SHARE TRANSFER AGENTS

Karvy Computershare Private Limited
Plot No.17-24, Vithal Rao Nagar
Madhapur
Hyderabad - 500 081

REGISTERED OFFICE

"Coromandel House"
1-2-10, Sardar Patel Road
Secunderabad - 500 003
CIN No.: L24120AP1961PLC000892
Tel.: +91 40 2784 2034
E-mail Id: mail@coromandel.murugappa.com
Web : www.coromandel.biz

Directors' Report

The Board of Directors have pleasure in presenting the highlights of the performance of your Company together with the Audited Accounts for the Financial Year ended 31st March 2014.

SUMMARY OF FINANCIAL RESULTS

₹ in crore

	2013-14	2012-13
Revenue:		
From Operations	9381	8560
Other	61	67
Total Revenue	**9442**	**8627**
Profit:		
Profit before Interest, Depreciation and Taxation	800	802
Less: Interest	211	177
Depreciation	82	59
Profit Before Exceptional Items & Tax	**507**	**566**
Exceptional Item	**13**	**-**
Profit Before Tax	494	566
Less: Provision for Tax (including deferred tax credit)	149	122
Profit After Tax	**345**	**444**

The results for the current year include results of erstwhile Liberty Phosphate Limited (LPL) and erstwhile Liberty Urvarak Limited (LUL), which have been amalgamated with your Company with effect from 1st April 2013, pursuant to a Scheme of Amalgamation approved by the Hon'ble High Courts of Andhra Pradesh and Gujarat.

Operations

The south-west monsoon in 2013-14 was one of the best experienced in recent years and positively influenced Kharif sowing and output. Your Company leveraged the favourable monsoon conditions and its complete portfolio of agri-inputs comprising of fertilisers, crop protection and specialty nutrients to register robust growth. Further, your Company has expanded its retail footprint in Andhra Pradesh and Karnataka and improved its performance by growing the non-fertiliser segment thereby registering profitable growth over previous year.

The consumption levels of P&K fertilisers which had declined to historic lows in 2012-13 recovered in 2013-14 due to increased sowing, good monsoon and improved groundwater conditions. This has helped the industry to reduce the pipeline inventory significantly.

Your Company also reduced its inventory of finished products, improved collections and increased its sales volume resulting in an increase in market share. In addition, your Company maintained tight controls on conversion costs and fixed costs and effectively managed phosphoric acid availability to improve capacity utilization. The new production stream, C-train at Kakinada produced various grades of complex fertilisers and DAP. Higher working capital due to pipeline inventory and receivables has impacted the overall financing costs and focused efforts helped in easing the position considerably in the current year.

During the year, your Company pursuant to the Scheme of Amalgamation approved by the Hon'ble High Courts of Andhra Pradesh and Gujarat, has completed the transfer of the entire business undertaking of LPL and LUL, including all its assets and liabilities effective 1st April 2013. Your Company has also acquired the business undertaking from M/s Tungabhadra Fertilisers and Chemicals Company Limited (TFCCL) on a slump sale basis. With the addition of LPL and LUL manufacturing facilities in the northern and western parts of India and the associated marketing network, your Company will be able to leverage the combined marketing network to increase the sale of phosphatics and Single Super Phosphate (SSP). In the year 2013-14 the excessive field stock of SSP inventory and high input cost of raw materials have impacted performance of SSP operations.

During the year the Crop Protection business recorded strong growth over previous years by leveraging its domestic distribution network and its direct presence in key Latin America and Asia Pacific markets. The Company has added to its portfolio of export registrations and initiated a regional focus approach with a view to expand its overseas presence. Domestic formulations business benefitted from demand arising out of increased sowing of critical crops like paddy, cotton and pulses. To create a new identity and to present the farmers with a stronger value proposition, the Company launched a new umbrella brand "Gromor Suraksha". The business also improved its production efficiencies at its technical manufacturing locations and completed various projects that have improved the overall product quality, safety and plant reliability. With the proposed merger of Company's subsidiary Sabero Organics Gujarat Limited, the crop protection SBU is poised for growth leveraging domestic market network and global presence.

Specialty Nutrients business has registered a healthy growth in all three product categories – Water Soluble Fertilisers (WSF), Sulphur Products and Micro Nutrients. Your Company is the market leader in Water Soluble Fertilisers and Sulphur product segments. During the year, six new products were introduced to offer need based crop solutions and the business is focused on achieving scale by adopting a crop based approach to sales and marketing efforts.

The Retail business completed a series of new initiatives and robust processes in the year 2013-14 to facilitate long term growth. The business focused on positioning every outlet as a "Complete Farming Solution" platform through range expansion in the Non-Fertilisers segments. These initiatives have resulted in Retail registering a significant growth during the year.

The Company has recorded a total revenue of ₹ 9442 crore. Profit for the year before depreciation, interest and taxation was ₹ 800 crore and Profit before tax was ₹ 494 crore. Net Profit after tax was ₹ 345 crore.

Subsidiary Companies:

Sabero Organics Gujarat Limited (Sabero)

Sabero's total revenue for the year ended 31st March 2014 was ₹ 721.43 crore with a Net profit of ₹ 33.13 crore as compared to a profit of ₹ 7.73 crore in the previous year.

During the year the Boards of your Company and Sabero have approved a Scheme of Amalgamation for merger of Sabero with the Company, subject to approval of the respective shareholders, creditors, concerned High Courts and such other authorities, as may be required. The Scheme will be with effect from 1st April 2014 but would become operative after receipt of necessary approvals. Meetings of the shareholders and creditors of the Company and Sabero are scheduled to be held on 16th June 2014 and 20th June 2014, respectively.

CFL Mauritius Limited

The Company (a 100% subsidiary) incurred loss of US $ 0.18 million (equivalent to ₹ 1.07 crore) during the year ended 31st December 2013. Primary source of income for this subsidiary is dividend income from Foskor (Pty) Ltd. and during the year, the subsidiary did not receive any dividend from Foskor. Your Company has during the year made a further investment of ₹ 25.07 crore in this company.

Parry Chemicals Limited (PCL)

The Company (a 100% subsidiary) earned a total revenue of ₹ 3.32 crore for the year ended 31st March 2014 and Profit after Tax was ₹ 2.91 crore.

PCL, during the year had sold 558249 equity shares of Sabero Organics Gujarat Limited (Sabero) representing 1.65% of the equity capital of Sabero to its holding company, Coromandel.

Dare Investments Limited (DIL)

During the year Dare Investments Limited, which was a wholly owned subsidiary of PCL, has become a direct subsidiary of the Company. Your Company had during the year made a further investment of ₹ 4.95 crore in this company.

Coromandel Brasil Limitada

The Limited Liability Partnership is primarily engaged in getting product registrations in Brazil and procuring orders for supplies from India. It incurred net loss of Brazilian Reals 0.26 million (equivalent to ₹ 0.70 crore) for the year ended 31st December 2013.

Liberty Pesticides and Fertilisers Limited (LPFL)

During the year, LPFL which was a wholly owned subsidiary of LPL, has become a direct subsidiary of the Company and it did not have any significant operations during 2013-14.

Joint Venture Companies:

Coromandel Getax Phosphates Pte Ltd

The Joint Venture Company based in Singapore formed for leveraging opportunities for rock phosphate mining/ sourcing continued scouting for opportunities during the year.

Coromandel SQM (India) Pvt Ltd.

The Joint Venture Company, formed to set up a Water Soluble Fertilisers (WSF) Plant at Kakinada; Andhra Pradesh has earned a total income of ₹ 63.24 crore for the year ended 31st March 2014 and the net profit was ₹ 1.59 crore.

Strategic Investment

Tunisian Indian Fertilisers S.A. (TIFERT)

Company has a strategic investment of 15% equity stake in TIFERT, a company based in Tunisia, manufacturing phosphoric acid. With the restoration of near normalcy in Tunisia the plant was commissioned last year and your Company received phosphoric acid from TIFERT and the plant is getting stabilized. Your Company's strategic investment in TIFERT is aimed at securing uninterrupted supply of phosphoric acid for the Company's operations especially for expanded capacity at Kakinada.

Foskor (Pty) Limited (South Africa)

Coromandel along with CFL Mauritius Limited holds 14% equity of Foskor (Pty) Limited. Coromandel continues to leverage its relationship with Foksor in sourcing phosphoric acid, the key raw material, for manufacturing phosphatic fertilisers.

Safety, Health and Environment (SHE)

Company's focus on Safety, Health and Environment continued during the year under review across all locations with all manufacturing plants maintaining high safety standards. Company has put in place robust processes and performance indicators to track its SHE performance. There was a significant reduction in reportable incidents during the year. Your Company maintained high standards of environmental performances with all facilities operating well within norms. Your Company continued its efforts to track health indicators of all its operating staff working in critical areas through its occupational health centres at its factories.

Process safety focused on fertiliser plants and special drive carried out during annual turnaround time facilitated to address the process related 'near miss' incidents. Structural safety initiatives undertaken at Ennore and Visakhapatnam units will continue to improve the structural integrity. Increased emphasis laid on contractor safety training, performance monitoring, continuous communication and initiation of a reward mechanism resulted in healthy plant safety environment.

Action plan implemented based on DuPont safety management evaluation assessment will continue to strengthen the safety culture of the organisation. All the plants continued to make significant progress in attaining external SHE recognition, and have been certified with ISO 14001 Environmental Management System certification and conforms to Process Safety Management System. The overall safety and environment continued to improve during the year.

Dividend

Your Directors recommend a Dividend of ₹ 4.50 per equity share.

Bonus Debentures

28,28,17,658 9% Unsecured Redeemable Non-convertible fully paid Bonus Debentures of ₹ 15 each aggregating to ₹ 424 crores issued by the Company to the shareholders in July 2012 were to be redeemed in three annual installments from July 2014. The Company has fully redeemed these debentures in March 2014 by exercising its option of early redemption.

Consolidated Financial Results

A Consolidated Financial Statement incorporating the operations of the Company, its subsidiaries and Joint Venture Companies is appended.

The Ministry of Company Affairs, has given general exemption to companies from publishing the annual report of its subsidiary companies wherever a Consolidated Statement has been appended. In view of this, the Annual Report of the Subsidiary Companies have not been annexed.

However, the Accounts of the Subsidiary Companies and the related information will be made available to the Members of Coromandel International Limited and its subsidiary Companies on request and will also be kept for inspection in the Registered Office of the Company.

Awards/Recognition

Your Company continues to receive numerous awards/ accolades from industry associations. During the year the Company received the following awards/accolades:

- 'India's Best Board - 2013' Award, instituted by Economic Times and Hay Group.
- Dun & Bradstreet Corporate Awards 2012 - Top Indian company under the sector - fertilisers.
- FAI Award on application of Information and Communication Technology (ICT) in Agriculture -2013'. The award was given in recognition of the pioneering efforts involving ICT in agriculture initiated by the retail division while discharging farmer extension services.
- "Retailer of the Year Award" under Rural Impact & CSR category from Asia Retail Congress.
- First prize in State Energy Conservation from the Government of Andhra Pradesh for commendable efforts towards significant improvement in conservation of energy.

Management Discussion & Analysis and Corporate Governance

The "Management Discussion and Analysis Report" highlighting the industry structure and developments, opportunities and threats, future outlook, risks and concerns etc. is furnished separately and forms part of this Directors' Report.

As per the requirements of the Listing Agreement with Stock Exchanges, a report on Corporate Governance duly audited is annexed for information of the Members.

Directors

In accordance with Article 121 of the Company's Articles of Association, read with Section 152 of the Companies Act 2013 and the corresponding provisions in the Companies Act 1956, Mr V Ravichandran and Dr BVR Mohan Reddy are retiring at the ensuing Annual General Meeting. Mr V Ravichandran and Dr BVR Mohan Reddy, being eligible, offer themselves for re-appointment.

Dr J S Sarma, who was appointed as an Additional Director with effect from 8th August 2013 passed away on 28th February 2014. The Board places on record its sincere appreciation of the services rendered by Dr J S Sarma during his tenure of directorship.

The Board of Directors appointed Mr. Prasad Chandran as an Additional Director effective 18th April 2014. The Company has received notice from a member proposing his nomination for Directorship.

Auditors

M/s Deloitte Haskins & Sells, Chartered Accountants, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. Members are requested to appoint the auditors and fix their remuneration.

Cost Auditors

In pursuance of Section 233B of the Companies Act, 1956 the Central Government has ordered Cost Audit for Fertilisers and Insecticides products. Accordingly, Shri V Kalyanaraman and Shri Dantu Mitra, Cost Accountants, were appointed Cost Auditors to render reports to the Central Government. The Report for the year 2012-13 were submitted on 18th September 2013, before the due date and for the year 2013-14 the report will be submitted on or before the due date.

Disclosures

Additional information on conservation of energy, technology absorption and foreign exchange earnings/ outgo, as required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed hereto and forms part of this Report.

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 and the Companies (Particulars of Employees) Amendment Rules, 2011, the name and other particulars are set out in the annexure to the Directors' Report.

As required by Section 217 (2AA) of the Companies Act, 1956, Directors' responsibility statement is annexed hereto and forms part of this report.

The disclosures as required under Clause 12 of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 are annexed to this report for information of the Members.

Acknowledgement

The Directors acknowledge and would like to place on record the commitment and dedication on the part of the employees of your Company for their continued efforts in achieving good results, in an adverse situation.

The Directors also wish to acknowledge and record their appreciation of the continued support and assistance received by the Company from State Bank of India and other Banks, financial institutions, mutual funds, as well as from various Government bodies both at the Centre and the State.

On behalf of the Board

Place: Hyderabad
Date: 12th May 2014

A. Vellayan
Chairman

Management Discussion and Analysis

Economic scenario

The global economic growth has slowed from 3.9% in 2011 to 3% in 2013 with the US just recovering from the slump, the European Union (EU) still in nascent stages of recovery and China slowing from its previous record high growth rates. The factors that have affected the global economy have also impacted India and the government has taken multiple fiscal and monetary measures to navigate through this tumultuous period and position the economy for future growth.

As a result of the measures, the fiscal deficit has been contained to 4.6% of Gross Domestic Product (GDP), the Current Account Deficit (CAD) has been reduced from USD 88 billion in 2012-13 to USD 45 billion in 2013-14 and the forex reserves have grown by USD 15 billion in 2013-14.

The overall business climate in India is improving with slowing inflation, good monsoons and easing economic pressures from the twin deficits. India's current account deficit has narrowed due to a compression in the trade deficit enabled by higher export growth and measures taken to curtail gold and other non-essential imports. Complementing the measures to contain the CAD, policy makers have undertaken a host of measures to augment capital flows to target a Balance of Payment (BoP) surplus.

A stable and growing economic environment is much needed to support the growing aspirations of 1.2 billion people. The pro-reform sentiment is strongly in place and the newly elected Government has highlighted economic development as one of its main focus. With a large proportion of population under the age of 30, this pro-economic Development stance by the Government will create an appropriate climate for businesses to invest which in turn will support job creation and long-term growth. While the industrial sector will create additional employment opportunities, the domestic agricultural sector will continue to remain the largest employer in the near term accounting for close to 50% of employment. Institutional forecasts are for a gradual recovery in 2014-15 with GDP growth of 5-6% while managing inflationary pressures.

Industrialization and the growth in services sector will continue to be the catalyst behind urbanization & income growth which will have a significant impact on people's consumption pattern. The higher income levels and an urban population base will influence dietary mix more towards high protein diets, fruits and vegetables. This shift will further stress today's arable land and productivity levels will need to increase to support the increased demand for high quality and high protein food.

Current agricultural productivity in India, both on a per hectare basis and on a per person basis is low compared to global benchmarks and will need to significantly improve to meet the ever increading demand for food.

Another factor that strongly influences the productivity levels is the imbalanced use of N, P and K fertilisers resulting from highly subsidized Urea. The artificially low Urea prices that are a result of this skewed policy promotes higher application of Urea relative to P&K fertilisers which not only influences the usage but also increases the overall subsidy burden on the Government.

The Nutrient Based Subsidy (NBS) policy for P&K fertilisers has had the intended effect of increasing the availability of complexes in the marketplace and also reducing the overall subsidy burden borne by the Government. The extension of the same policy to Urea will bring all nutrients under one subsidy policy and provide the market with a common framework. The benefits realized by the P&K sector with the introduction of NBS will become visible in the Urea sector as well.

The food grain production estimate for 2013-14 is over 263 million tons as compared with 255 million tons the previous year and this increase has been possible due to the very good south west monsoons in the year. The overall agricultural GDP growth is estimated at 4.6% as compared with 4% in the previous year.

Better farming practices, mechanization, balanced soil nutrition including addressing micro-nutrient deficiencies and subsidy recalibration are all required to catapult the agricultural sector to the next level and bring it on par with global benchmarks. The industry believes that the Government will embrace and implement the policies required to achieve this goal.

Organization

Coromandel is a flagship Company of the Murugappa Group and is a subsidiary of EID Parry (India) Limited (EIDP) which holds 62.56% of the equity share capital in the Company. The Company is engaged in the business of Farm Inputs comprising of Fertilisers, Crop protection, Specialty Nutrients and Organic compost. The Company is also engaged in rural retail business in the States of Andhra Pradesh and Karnataka through a chain of 690+ retail centers set up in various parts of these States. The Company has 14 manufacturing facilities located in Andhra Pradesh, Tamil Nadu, Karnataka, Maharashtra, Madhya Pradesh, Uttar Pradesh, Rajasthan, Gujarat and Jammu & Kashmir including the 7 locations for SSP production acquired as part of the Liberty acquisition. The Company's products are marketed all over the Country through an extensive network of dealers and its own retail centers.

During the year the erstwhile subsidiaries Liberty Phosphate Limited (LPL) and Liberty Urvarak Limited (LUL) have been merged with the Company pursuant to the Orders of the High Courts of Andhra Pradesh and Gujarat.

The Company has following subsidiaries and joint ventures for its various business initiatives:

- ❖ Sabero Organics Gujarat Limited, India
- ❖ Sabero Organics America Ltda, Brazil
- ❖ Sabero Australia Pty Ltd, Australia
- ❖ Sabero Europe BV, Europe
- ❖ Sabero Argentina S.A., Argentina
- ❖ Sabero Organics Mexico S.A. de C.V., Mexico
- ❖ Parry Chemicals Limited
- ❖ Dare Investments Limited
- ❖ CFL Mauritius Limited, Mauritius
- ❖ Coromandel Brasil Ltda, Brazil
- ❖ Coromandel Getax Phosphates Pte Ltd, Singapore
- ❖ Coromandel SQM (India) Pvt Ltd

In addition, the Company also holds 14% equity stake in Foskor Pty Ltd, South Africa, through combined holding of Coromandel and CFL Mauritius Limited and a 15% equity stake in TIFERT, a strategic investment of the Company to secure supply of Phosphoric acid.

The Management Discussion and Analysis given below discusses the key issues concerning each of the Strategic Business Units (SBUs).

Fertiliser SBU

Coromandel, with a production capacity of 36.25 Lakh tons of Di-Ammonium Phosphate (DAP) and Complexes, is the leading private sector player in Phosphatic fertilisers in India. The Company produces and sells Phosphatic (P) and Potassic (K) Fertilisers of various grades like DAP and Complex Fertilisers with different composition of nutrients. The Company also distributes imported DAP, Potash, Urea and NPKs. The acquisition of LPL and LUL has added a further 10 lakh tons of Single Super Phosphate (SSP) capacity. This also allows the Company to offer low P fertiliser products to the farming community in the core SSP markets – Gujarat, Rajasthan, Madhya Pradesh and Uttar Pradesh.

The Company has a complete basket of products to offer the farmers including Urea which is handled under government contract through Kakinada and Karaikal ports and thereby operates in all fertiliser segments – Nitrogenous, Phosphatic and Potassic fertilisers.

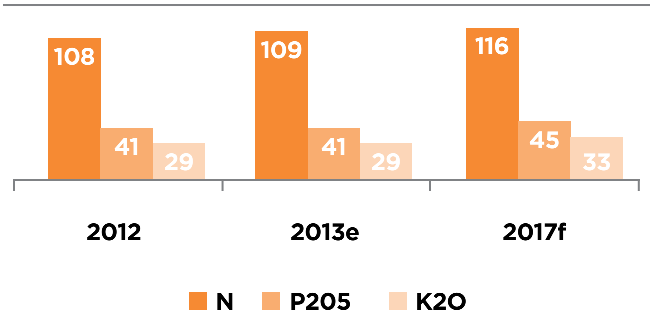
The Company's fertiliser (DAP and complex) manufacturing facilities are located at Visakhapatnam and Kakinada in Andhra Pradesh and Ennore in Tamil Nadu. Coromandel has facilities to manufacture phosphoric acid and sulfuric acid at Vishakapatnam and Ennore.

The Company also operates 7 SSP plants in the northern and western parts of India and 1 in Ranipet.

Industry scenario

Global market scenario

The global consumption of nutrients in 2013 is estimated to be 179 million tons , a 0.5% increase over previous year, and is estimated to grow to 194 million tons in 2017.



India Market Scenario

The 2013-14 monsoon was one of the best monsoons in recent history and this significantly improved the agricultural prospects for both kharif and rabi seasons. Commodity prices ruled high despite record production level of 260 MM tons estimated for the year 2013-14, indicating rising demand for agricultural products. The fertiliser sector has seen the revival of phosphatics consumption.

The overall industry DAP consumption levels have revived in 2013-14 due to good monsoon. The import volumes declined in 2013-14 to 33 lakh tons in response to the high pipeline inventory situation while the domestic production levels have remained flat at 36 lakh tons.

The total sale of Complex fertilisers in India has remained relatively constant at 2012-13 levels and was 71 lakh tons in 2013-14. The industry's production volumes have increased from 62 lakh tons in 2012-13 to 69 lakh tons in 2013-14 while imports have been almost negligible at 4 lakh tons.

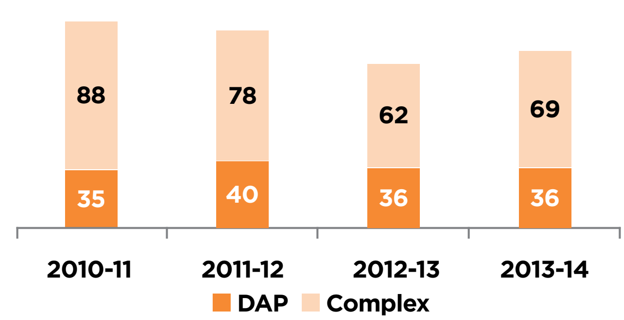
This lowering of imports resulting from demand contraction and a good monsoon in 2013-14 have allowed the industry to reduce pipeline stocks that had been built up during the year 2011-12.

The various expansions projects announced by domestic manufacturers to meet future demand is likely to increase the availability of complex fertilisers from domestic production as we go forward.

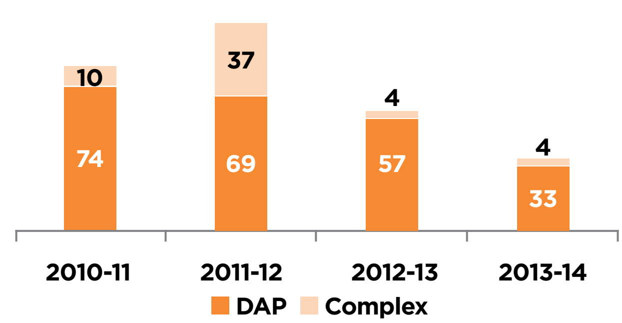
The prices of all phosphatic fertilisers and raw materials have been relatively stable in 2013-14 as compared with the volatility and steep increases seen in 2012-13. In addition, the stability of the rupee in 2013-14 has also helped in maintaining phosphatic fertiliser prices.

MOP consumption has declined by 44% over 2010-11 levels to 22 lakh tons in 2013-14 and imports have declined by 50% over the same period to 32 lakh tons.

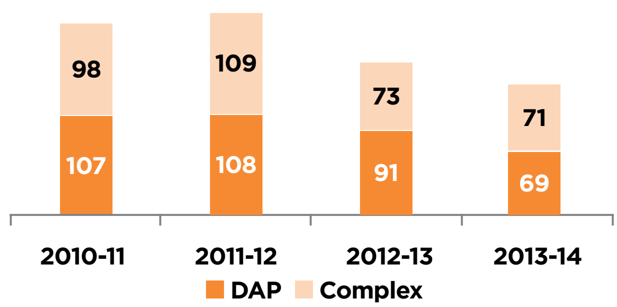
Phosphatic Production



Phosphatic Imports



Phosphatic Sales



Government policies

Subsidy effect

The fertiliser subsidy continues to be N-biased resulting in artificially low Urea prices which continues to influence the farmer's buying behavior and leading to high Urea application levels relative to phosphatic fertiliser application levels. This has resulted in suboptimal application levels and may lead to deterioration in soil health.

In line with international price trends, the government has announced phosphatic subsidy rates for FY 2014-15.

Year	₹/Kg of Nutrient			
	N	P	K	S
2011-12	27.153	32.339	26.756	1.677
2012-13	24.000	21.804	24.000	1.677
2013-14	20.875	18.679	18.833	1.677
2014-15	20.875	18.679	15.500	1.677

With the decrease in the subsidy rate, the share of subsidy in total realization has reduced and this in turn has helped the Government to curtail the subsidy outgo towards phosphatic fertilisers. The NBS policy has achieved its intended benefits of increasing the availability of phosphatic fertilisers, reducing subsidy outgo and prices reflecting market rates.

Fertiliser Performance

The Company has made significant advances in consolidating its position as the premier phosphatics player in the core markets by leveraging its strong trade & retail networks and by expanding the institutional channel. With the 2013-14 monsoon being a very favorable one, the Company has increased its all-India PK fertiliser market-share to over 16% in 2013-14 (13% in 2012-13).

In the year 2013-14, the fertiliser business has deployed a series of counter measures to mitigate the effects of the adverse business conditions that were prevalent in 2012-13 and has positioned the business for long-term growth. Leveraging the good monsoons, favorable ground water conditions and reviving consumption, the fertiliser business has methodically worked through the channel inventory woes and in doing so has strengthened its position as a key player in its key addressable markets of Andhra Pradesh, Karnataka and Maharashtra.

The business has improved its overall brand equity by improving the quality of its finished products and bags through focused initiatives. The manufacturing locations maintained tight controls on conversion costs and fixed costs to maximize profitability. In addition, the business optimized availability of raw material while managing short-falls in supply of phosphoric acid to ensure improved capacity utilizations which have also contributed to improved profitability levels.

The business was constrained by relatively high levels of working capital and various incentive schemes were introduced throughout the year to continuously focus on containing the working capital levels. Borrowings have also been effectively managed to minimize interest costs.

The total production of DAP and Complexes in 2013-14 from Coromandel's production facilities was 22.55 lakh tons. The new production facility (C-Train) at Kakinada was stabilised during the year. All fertiliser plants have reported improved operational efficiencies and improved substantially in both safety and environmental standards. The timely purchase of raw materials and pro-active forex management also helped the Company to improve overall performance.

Various initiatives were taken to improve the quality of the product and packaging thus assuring best product to customers.

Coromandel in its continuous journey towards improving the SHE practices has achieved the best ever norms in-terms of Safety and Environmental performance for the year 2013-14. The Company has invested and improved the structural integrity at its Vishakapatnam and Ennore plants and will continue to undertake investments in further improving the SHE culture at its Plants.

The Company has been investing continuously in meeting its obligations towards protecting the environment. Towards this step, the Green Visakha project and Green belt development at Kakinada continued as planned. With the assistance of TERI, the Vizag team developed some unique species of trees which can flourish in acidic and alkaline soils. The same were successfully planted in an area of 5 acre.

Introduction of fortified fertilisers was a key area of focus in 2013-14 and a new NP grade 24-24-0 fortified with 8% sulphur was produced commercially at Vizag plant using Shell technology. DAP fortified with zinc was produced commercially in Kakinada plant and single super phosphate fortified with Boron was produced in Ranipet plant. These fortified grades will help ameliorate the deficiencies of sulphur, zinc and boron in Indian soils and are an addition to the range of unique products offered by the Company thereby enhancing value addition to the customers.

Overall, the fertiliser business of the company had a good year and maintained focus on working through inventory overhang, working capital and increasing production through C-Train.

Crop Protection

Industry Scenario

Crop protection industry globally registered a growth of 9.4 %, to grow from 49.5 billion dollars in 2012 to 54.2 billion dollars in 2013. Some of the key factors witnessed in 2013 were strong volume growth in all regional markets and improvement in glyphosate prices. The global weather conditions witnessed during the year were very locations specific with US corn and soybean planting season affected by dry weather but had a good growing season while the European regions were affected by excess rainfall. As a result, the crop prices which were relatively high at the beginning of the year moderated over the course of the year.

Among the various regions, Latin America contributed largely to this growth with 22.3% growth to reach a turnover of 14.02 billion dollars and insecticide grew strongly as a segment. Asian market was the only region to register a marginal negative growth of 1.8% and with a turnover of 14.4 billion dollars (however in real terms the market grew by 3.6%)

Market acceptance and usage of Genetically Modified (GM) crops are becoming an integral part of the crop protection business. GM seeds market registered a growth of 8.7% to reach 20 billion dollars. America and Asia are the key regions witnessing this growth.

Indian Industry benefitted from both growth in volumes and increase in prices though excess rains affected consumption in some states. Herbicides and Fungicides recorded good growth in consumption.

Crop Protection Performance

During the year 2013-14 SBU recorded strong growth over previous years by leveraging its domestic distribution network, scaling up technicals and its direct presence in key Latin America (LATAM) and Asia Pacific (APAC) markets. In its effort to expand its export presence, the SBU has initiated a regional focus approach for its export markets.

Domestic formulations business recorded robust growth through trade and retail chain in all critical markets. To create a new identity and engage farmers in a responsible manner, SBU launched a new umbrella brand "Gromor Suraksha" offering strong value proposition to farmers.

Formulations business could offer a strong portfolio of products in the domestic market through its captive fungicides technical range and introduction of new molecules through its co-marketing tie-up with Multi-National Corporations to strengthen its herbicides range.

During the year the Company and its subsidiary Sabero achieved various other milestones:

- Manufacturing capacity of key molecules enhanced with improved efficiencies
- Consistency in product quality established manufacturing Propineb. The product gained good acceptance globally
- Plant reliability and safety improved with reconstruction of certain plants in Sarigam to ensure higher capacity and volumes in the coming years
- Leveraged existing portfolio of product registrations to scale up volumes across geographies
- Increased volumes and presence in Central America through subsidiary in Mexico

Through its increased reach and strong portfolio of products, SBU is set to capture emerging growth in consumption of agro chemicals, in the drive to increase agricultural production in the country.

Speciality Nutrients

Specialty Nutrients Division (SND) team was restructured across the country to bring focus and growth to the business. It was reoriented around Crop based units with the objective of providing complete nutrition solutions and enhancing the productivity. The crop approach has yielded rich dividends in its first year of operations through improved awareness about total nutrition concept among the farmers and dealers, resulting in higher sales, liquidation and consequent collections. The business has grown by 18% registering healthy growth in all three product categories- Water Soluble Fertilisers (WSF), Sulphur Products and Micro Nutrients. Coromandel emerged as market leader in Water Soluble Fertilisers and Sulphur product segments. During the year, six new products were introduced to offer need based crop solutions.

The joint venture with SQM Chile, Coromandel SQM (CSQM), which has been helping Coromandel through knowledge sharing and new product introduction, has grown in its operations significantly during the year. Business aims to build on SQM's sound technical crop knowledge to continue its market leadership in WSFs.

Retail

Retail showed robust performance in 2013-14 registering an impressive 55% growth in the non-fertiliser segment. A number of new initiatives and processes were introduced this year to facilitate long term growth and stores were positioned as a "Complete Farming Solution" platform through range expansion in Non-Fertilisers.

Visual merchandizing was introduced in retail centers to improve store presentation and focus on providing the customer a consistent, high quality presentation of the product offerings. The business leveraged technology to provide cutting edge services through initiatives like 'Gromor Webinar' and 'Gromor Scientist' which educated the farmers on scientific agricultural practices to improve productivity.

The business commenced the extension of farm credit provided by banks to farmers through select retail center. This credit is then used by the farmers to purchase farm inputs at the retail center. The business also leveraged IT and improved operational efficiencies of stores.

Currently Retail operates close to 690 stores in the State of Andhra Pradesh and Karnataka and planning entry into Maharashtra and TamilNadu.

Strengths and opportunities

Coromandel produces DAP & Complex fertilisers from three manufacturing locations – Vishakapatnam, Kakinada and Ennore– that are all strategically located to serve key markets of Andhra Pradesh, Karnataka, Tamil Nadu and Maharashtra. With the merger of Liberty Phosphate, the Company has expanded its geographical presence to Northern and Western markets. The Company's brands Gromor and Godavari are all well established. The brand equity enjoyed by these brands in combination with the proximity of the manufacturing locations to key markets is one of the key strengths enjoyed by Coromandel.

Over a period of time the Company has been expanding the capacities and the plants are capable of producing different grades of complex fertilisers including urea based grades at all locations. The Company has also created adequate infrastructure facilities and storage facilities commensurate to the production capacities which help in managing volatility in raw material prices and ensuring uninterrupted production. Production facilities for intermediates like phosphoric acid and sulphuric acid in Vizag and Ennore help in capturing value addition in own manufacture and derisk the business. Each unit also has flexibility in processing of different types of raw materials like rock and phosphoric acid irrespective of the countries of origin and maintaining their efficiencies of operations. Captive power source and stake in Andhra Pradesh Gas Power Corporation Limited (APGPCL) helps in keeping the conversion cost under control and efficiencies at par with best in the Industry. The Company has established key strategic tie-ups for raw materials and this ensure sustained availability of materials to operate the plant at optimal levels of production.

The Company augments its strong presence in fertilisers with offerings in the Agri-Chemicals (pesticides, fungicides and herbicides), Specialty Nutrients and Organic segments. This complete basket of offerings to the farming community allows Coromandel to address all the needs of its customer base and offer holistic solutions. As part of its continuing efforts to provide holistic solutions, Coromandel undertakes farm demonstrations using its products while highlighting scientifically proven agricultural practices and conducts soil tests to identify deficiencies and provides tailored advice to the farming community. The company is also conducting pilot trials for providing farm mechanization services to the farmers and improve agricultural productivity. This combination of a complete basket of products and dissemination of scientifically proven techniques enables Coromandel to build loyalty with farmers.

The vast product offerings of the Company's SND business – Primary, Secondary and Micro nutrients – based around crop and soil requirements fulfil complete crop nutrition needs. The business will continue to develop the crop solutions through a knowledge driven approach. With higher price realization on horticulture crops, the segment will be the next big opportunity. Aggressive support by State governments for drip irrigation programs makes the WSF segment a high growth proposition. Catering to crop needs through customized solutions will be the driver for the next level of growth.

The Company operates Mana Gromor and Namma Gromor retail centers in Andhra Pradesh and Karnataka, respectively, through which it markets its products directly to the farmers. These Retail centers have become the face of the Company in rural locations and allow for first-hand information exchange communication with the farming community. In its 5th year of operation in the Andhra Pradesh, the Mana Gromor Brand Equity has grown to 5.6 which is considered a 'Very Strong' brand.

The Fertiliser Technology Centre at Visakhapatnam has strengths in process and product development. The company will broaden the scope of Fertilisers R&D to include agronomic evaluation of products in order to integrate product and process development with performance evaluation and thereby provide validated solutions for improving Plant Nutrition and Soil Health.

Outlook

Having weathered the headwinds from multiple directions in 2012-13– forex, high prices, imports, high channel inventories and a failed monsoon – Coromandel has made significant strides in 2013-14 to position the business for long-term growth. The Company will continue to focus on maintaining cost leadership in the industry and will focus on further reducing costs. With the commissioning and stabilization of C-Train, the Company has positioned itself to be the leading Phosphatic fertiliser player in the country. In addition, the Company has improved its manufacturing facilities at Visakhapatnam and Ennore to ensure sustainable operations for the long-term. Besides this, the company is looking forward towards attaining self-sufficiency of Visakhapatnam unit in terms of phosphoric acid requirements. With this we will be able to meet the requirements of manufacturing higher volumes and maintain our cost leadership. We are confident that the manufacturing base of the Company has been positioned to be capable of meeting the needs of the phosphatic fertiliser sector.

The business will continue to strengthen itself as a Complex fertiliser player by offering region specific value added solutions to the farmer and pursue fortified fertilisers (B, ZN, S) to address soil deficiencies. With the acquisition of LPL and LUL, Coromandel has positioned itself to cater to a different customer base in a geography where Coromandel brands have relatively low presence. The company will leverage marketing synergies across both businesses to maximize sales of SSP and Complex fertilisers.

In 2014-15 the company will commercialize the technologies developed in 2013-14 for several specialty products – water solubles, sulphur and mirconutrients. The company will also develop fortification technology for enhancing the performance of existing fertiliser grades through incorporation of proprietary additives. In the area of Agronomic research, the company will conduct extensive trials with the objective of mapping products to different soil/crop combinations.

In the current business environment, the Company will maintain strong focus on working capital levels to reduce interest costs and unlock cash from trade channels. Finally, the Company will continue to actively manage foreign exchange exposure and continually optimize positions to reduce downside risk to the business.

Growing demand for food grains to feed a larger population, food security legislation, limited land and water resources are all factors which will be key drivers of future growth for agri-input and crop protection products. With the depreciation of currency and increasing global demand for generics, Indian Industry is expected to benefit from growth in exports of agrochemicals significantly in coming years. In order to address the growing need, the Company will focus on specialities and scale up formulation sales based on captive technicals including additional range being manufactured by Sabero. The Company is also actively expanding its global footprint by leveraging Sabero and will continue to increase its presence in Latin America, Africa and South East Asia. In addition, the Company will continue to maintain a global focus and increase its reach by increasing its portfolio of global registrations. The company will also increase its strengths in R&D by pursuing the establishment of a product synthesis center with capability to develop combination products.

The SND business will leverage its knowledge driven crop approach to capture the emerging markets across the country. The team will focus on providing complete nutrition solutions in high potential crop clusters by addressing customer needs and requirements. Customized crop products to farmers and dealers will be the key drivers for growth in the period ahead. Crop Knowledge will form core of this approach which will be acquired through tie ups.

Retail focus in 2014-15 will be on offering significantly superior customer value proposition compared to general trade and improved execution. Coromandel Retail has been steadily gaining customer trust by offering complete farming solution including high quality products at fair prices. Market Research initiatives like setup of Farmer Panels and Continuous Feedback Systems will be used to understand latest trends and developments in farming and tapping lateral needs of farmers. Market Research information will be leveraged to design customer loyalty programs and reward systems. Number of stores extending Farm credit service will be scaled up.

Extensive CRM systems will be introduced at store level to track Store team reach and effective implementation of customer service. Information Technology (IT) enabled technical advisory services will be provided to enhance the stores' technical strength. Focus on 'Gromor Webinar' and 'Gromor Scientist' and conducting precision farming demos will continue. All customer initiatives will be aligned to increase farmers' Return on Investment.

Risk management

Overview

Risk Management at Coromandel is an integral part of our business model, focusing to mitigate adverse impact of risks on our business objectives and enable the Company to leverage market opportunities effectively.

With the implementation of additional supporting infrastructure elements, the company is in the process of implementing Comprehensive Enterprise Risk Management, which will cover full spectrum approach to Risk Management across the enterprise. This will result in movement along the Capability Maturity continuum from Comprehensive to Integrated to Strategic levels.

Risk Management Framework

Risk Management Structure

The Risk Management structure at Coromandel spans across different levels which form the various lines of defense in risk mitigation. Coromandel has a Risk Management Committee, comprising of an independent director, who chairs the committee meetings, and the Managing Director. The committee members along with the senior executives and Business Heads of the Company carry out regular review of risk management practices.

Risk Categories

The risks associated with our business are broadly classified into six major categories.

- **Environmental Risk:** due to adverse effects on living organisms and environment by effluents, emissions, wastes etc., arising due to our organization's activities.
- **Economic Risk:** due to downturn or adverse political situations which may negatively impact on our organizational objectives.
- **Regulatory Risk:** due to inadequate compliance to regulations, contractual obligations or any other statutory violations leading to litigations and loss of reputation.
- **Operational Risk:** inherent to business operations including manufacturing and distribution operations, tangible or intangible property, any other business activity disruptions.
- **Financial Risk:** to organization due to major fluctuations in currency market, Rise in Interest Rates and possible non recovery of debts.
- **HR & Legal Risk:** due to attrition of any Key Managerial Person or disruption of operations due to any other human resources issue.

The key risk management practices include those relating to risk assessment, measurement, monitoring, reporting, mitigation actions and integration with strategy and business planning.

The key risks associated with various processes of Company's business are analysed in detail covering causes and sources of the risk, a logical sequence of triggering events (Key Risk Indicators), positive and negative consequences and the likelihood of occurrence of such consequences and the severity of the impact both in qualitative and quantitative terms. The Key Risk Indicators are mapped to the job function of respective executives and the reporting & monitoring frequencies are also defined.

The identified key risks at the Entity Level are evaluated on quantitative, semi-quantitative and qualitative aspects of impact for timely decision on its treatment.

The key risks associated with the Company's business, its likely impact and the mitigation mechanism evolved are discussed hereunder. The evaluation of risk is based on management's perception and the risks listed below are not exhaustive.

RISK	RISK IMPACT	MITIGATION PLAN
Environmental / Economic / Regulatory Risks		
Handling and storage of hazardous materials incl., Ammonia , SO2 etc.	- Impact on operations - Stoppage of production - Accidents resulting from release of the hazardous materials and consequent claims	• Strict PSMS Implementation • Strict adherence to maintenance / inspection schedules, training and emergency / disaster management plans. • Public Liability Insurance Policy • ISO 14001 & OHSAS 18001
Un-treated effluents causing pollution	- Revocation of factory license - Civil / criminal action	• Augmenting ETP facilities • Strict adherence to PC standards
Non-compliance with Legal / Regulatory / Tax Compliance -Including other Countries	- Disruption of operations - Legal proceedings against the Company and its officials.	• Understanding / awareness of regulations and statutes • Engagement / advice by renowned lawyers and experts • Monitoring regulatory changes
Non compliance with FCO Standards & Specifications	- Civil / criminal proceedings - Production stoppages - Disallowance of subsidy claims	• Rigid quality checks at Plants • Test verification of bags • Reprocessing of non-standard materials • Better bags handling procedures
Change in Government Subsidy Policies	- Impact on turnover / working capital - Change in product mix - Change in distribution pattern	• New NBS Policy – greater clarity / certainty • New grades / customized Fertilisers • Increased focus on non-subsidy Business • Optimisation of rail road transportation. • Liaison with Government
Restriction on sale / usage of some crop protection products in India / abroad	- Impact on turnover / profitability - Negative publicity	• Development of newer and safer technical; • Extension of product life-cycle.
Operational Risks		
Volatility in the price of key raw materials	- Impact on revenues - Increased cost of production - Increase in working capital requirement - Volume shrinkage	• Close monitoring of international prices of raw materials • Tie-up for expanded product range
Product life-cycle obsolescence	- Impact on turnover / profitability	• Identification of new off-patent molecules • R&D initiatives
Introduction of pest / resistant BT crops or change in crop pattern		• Identification of emerging pests and suitable molecules • Introduction of new products
Loss due to shrinkage at Rural Retail Centres	- Impact on profitability - Financial loss	• Close monitoring of inventory, regular inspection / audit • Daily MIS
Financial Risks		
Currency and exchange fluctuation risk	- Under recovery of Subsidy - Impact on profitability	• Close monitoring of exchange trend • Forward covers at appropriate time and level
Interest rate risk	- Increase in cost of borrowing - Impact on profitability	• Maintain healthy debt-equity and interest cover ratio • Sustain good credit rating

RISK	RISK IMPACT	MITIGATION PLAN
Credit risk	- Impact on working capital - Dues becoming bad - Loss of interest	• Review of credit evaluation and limits • Close monitoring receivables
Liquidity risk - Delay in subsidy settlement	- Impact on working capital - Increase in cost of borrowing	• Close monitoring of subsidy dues • Increased working capital facilities • Securitization of subsidy dues
Legal & Human Resource		
Contractual Liability Risk	- Disruption of operations - Impact on turnover & profitability	• Clearance of contracts by legal cell • Independent experts' services for important contracts
Attrition of skilled / trained manpower	- Disruption of operations - Knowledge dissipation	• Compensation revision inline with market • Succession Planning • Career planning and training

In addition, IT related risks can result in loss of important data etc., leading to disruption in operations. These are addressed through adequate back-up mechanism, including Disaster Recovery Centre, authorization verification, regular training programs, regular purchase of licenses in line with the business requirement and other preventive measures.

The assets of the Company, including its plant and machinery, as well work in process, inventory and Finished stocks are adequately insured against loss or destruction by fire and allied perils.

Internal Controls

Coromandel has adequate internal controls consistent with the nature of business and size of the operations, to effectively provide for safety of its assets, reliability of financial transactions with adequate checks and balances, adherence to applicable statues, accounting policies, approval procedures and to ensure optimum use of available resources. These systems are reviewed and improved on a regular basis.

Coromandel has a comprehensive budgetary control system to monitor revenue and expenditure against approved budget on an ongoing basis.

The Company has its own corporate internal audit function to monitor and assess the adequacy and effectiveness of the Internal Controls and System across all key processes covering various locations. Deviations are reviewed periodically and due compliance ensured. Summary of Significant Audit Observations along with recommendations and its implementations are reviewed by the Audit Committee and concerns, if any, are reported to Board.

Finance

The Company's overall financial performance for the year 2013-14 has been good. The total revenue stood at ₹ 9442 crore in 2013-14 as compared to ₹ 8627 crore in the previous year. The Company's PBT is ₹ 494 crore as compared to ₹ 566 crore in the previous year.

The Company generated ₹ 835 crore (2012-13: ₹ 818 crore) of cash surplus from its operations, before changes in working capital and after adjusting for the changes in working capital the net cash generated from operations is ₹ 1452 crore (2012-13: ₹ 998 crore).

During the year, the Board of Directors of the Company, LPL and LUL in their respective meetings held on 28 September 2013 approved a Scheme of Amalgamation under Sections 391 and 394 of the Companies Act, 1956 ('the Scheme') for amalgamation of LPL and LUL with the Company. Pursuant to the Scheme, sanctioned by the Hon'ble High Court of Judicature of Andhra Pradesh ('AP') vide their Order dated 7 April 2014 and by the Hon'ble High Court of Judicature of Gujarat vide their order dated 24 April 2014, the entire business undertaking of LPL and LUL including all assets and properties, debts, liabilities and duties and obligations have been transferred to and vested in the Company, retrospectively with effect from 1 April 2013 (the Appointed Date as per the Scheme). The certified copies of the aforesaid High Court Orders have been filed with the respective Registrar of Companies and the Scheme has been given effect to in these financial statements.

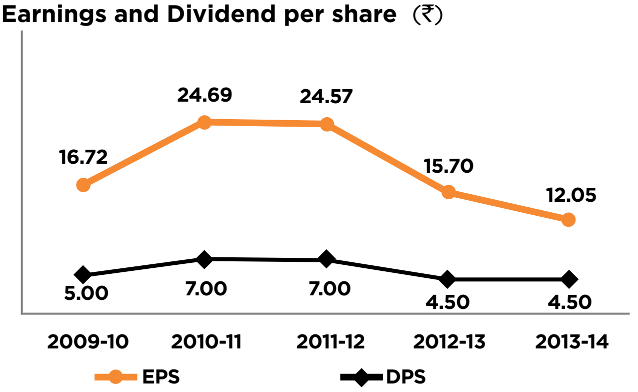
During the year, the Board of Directors of the Company and its subsidiary, Sabero Organics Gujarat Limited ("Sabero"), in their meetings held on 24 January 2014 approved a Scheme of Amalgamation under Sections 391 and 394 of the Companies Act, 1956 ('the Scheme') for amalgamation of Sabero with the Company subject to the approvals of the stock exchanges, the respective shareholders and creditors, the concerned High Courts and other regulators. The Company has received their no-objection to the Scheme from the stock exchanges and has filed application before the concerned High courts for convening the shareholders and creditors meetings.

The Company during the previous year had issued and allotted 28,28,17,658 9% Unsecured Redeemable Non-convertible Fully Paid Bonus Debentures of ₹ 15 each for every equity share, aggregating ₹ 424 crore to the shareholders by appropriating the General Reserve through a Scheme of Arrangement (Scheme) approved by Hon'ble High Court of Andhra Pradesh and other relevant authorities. As per the terms of the Scheme, the Company also had a right to prepay the entire amount of debentures by giving prior notice to the debenture holders. During the current year, the Board authorized Committee of Directors of the Company, in its meeting has exercised the option to prepay the debentures and approved early redemption. Accordingly, the said debentures were redeemed during the year.

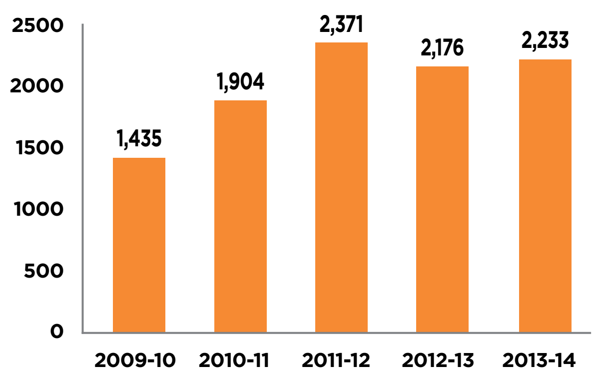
Challenging market conditions over the last two years have resulted in additional credit being extended to the trade channel. Sustained efforts by the Company to release money locked in trade and subsidy receivables have led to a reduction of ₹ 377 Cr in net working capital. The Company repaid Bonus Debentures of ₹ 424 Cr in the month of March 2014, out of the improved trade and subsidy collections. As a result, Company's long term debt: equity ratio has come down to 0.15 compared to 0.37 in the previous year and the total debt: equity ratio has come down to 0.64 as against 1.04 in the previous year. The Company's liquidity position continues to remain healthy with year-end cash and bank balance of ₹457 crore of temporary surplus retained in short term bank deposits/current accounts in addition to term deposits of ₹ 285 crore with HDFC Limited. The Company's long term credit rating by 'CRISIL' continued to be 'CRISIL AA+ (stable)' and short term debt rating at "CRISIL A1+".

Value creation and financial analysis

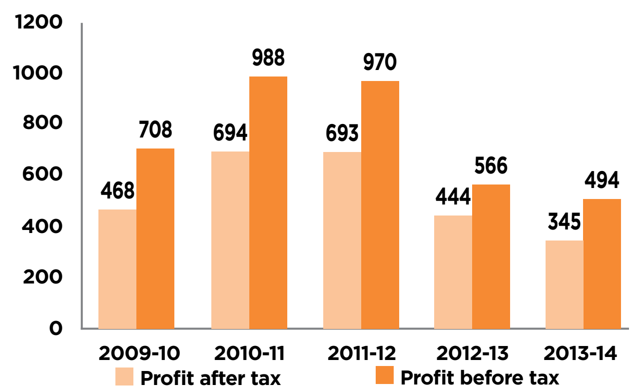
Earnings and Dividend per share (₹)



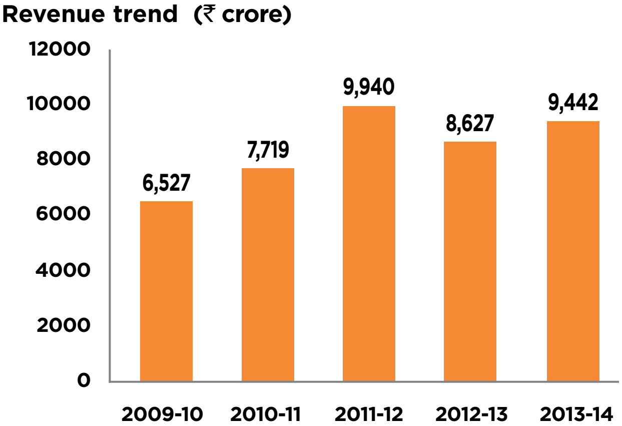
Networth (₹ crore)



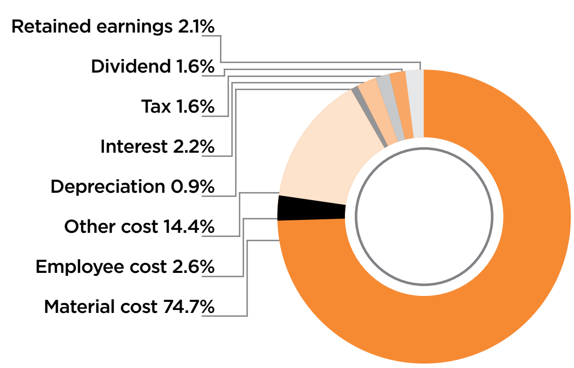
Profitability trend (₹ crore)



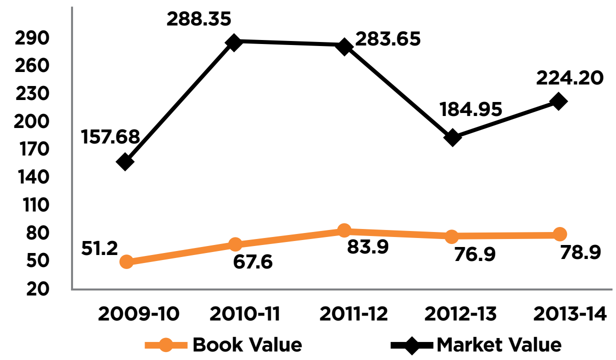
Revenue trend (₹ crore)



Distribution of income during 2013-14



Book value and market value per share (₹)



Human resources/Industrial relations

During the year, industrial relations across all the plants continued to remain cordial. Coromandel has received the 'Best Management Award' by Labour Department of Government of Andhra Pradesh on 1st May 2013 in recognition of its harmonious Industrial relations, Industrial productivity and commendable contribution towards the welfare of labour.

Coromandel strongly believes in continuous Learning and Development (L&D) with an aim to build competitive advantage for its current & future business needs. The focus on *Customer Centricity* has been enhanced through its structured L&D and Reward & Recognition programs. The training initiative 'SAVE' has been launched, enabling employees' behavioural shift from traditional product centric approach to providing solutions to customer. *Advitiya,* a development program was also initiated,designed to build capabilities of sales managers in the areas of channel management, customer management and people management.

Coromandel continued its focus on building technical competency of customer facing staff through Certified Farm Advisor (CFA) Program in association with Acharya N.G. Ranga Agricultural University, Hyderabad. The program prepared field executives to improve the productivity of the farming community by enhancing the knowledge and skills and providing insights into agricultural practices, Coromandel has completed the surveillance audit and received the ISO 10015+ recertification for Training Quality Management system by CSEND, Geneva, which indicates the robustness and deployment effectiveness of L&D initiatives.

In view of the rapid changes and intense competition in the industry, a need to redefine the organisation structure in the Sales & Marketing function that would be agile and responsive to the market conditions was felt. Accordingly, the Sales & Marketing branches were reorganised by restructuring the 16 branches across the country into 6 Divisional offices. This new structure will leverage the diverse strengths of the various businesses and deliver enhanced value for customers.

Coromandel strongly believes the primary success of any mergers and acquisitions lies in the first step of integrating people and people related processes. In line with that, Coromandel has integrated HR processes and deployed practices like Policy Deployment, Position Description, Performance Management System and Learning & Development initiatives in Liberty Phosphates Limited and Sabero Organics Gujarat Limited.

As the organization keeps aggressively expanding its domestic and global footprint, keeping the ever increasing workforce across geographies connected to the Senior Leadership is important. An enterprise wide Communication Program under the *"Chronicle"* brand was initiated. As part of this two way communication initiative the Managing Director and Business Heads address to employees across businesses and locations through webex on a quarterly basis. *'Chronicle'* has won the National Award for the best internal communication initiative from Public Relations Society of India in December 2013.

Coromandel promotes integrity, trust and openness in the organization at all levels by living its Values & Beliefs - "The 5 Lights". Every employee undergoes an awareness session on the Five Lights, Coromandel Guide to Business Conduct (CGBC), Whistleblower Policy and Prevention of Sexual Harassment Policy. An undertaking to abide by the CGBC and other policies mentioned above is taken from each employee.

Coromandel has continuously increased the thrust on Total Employee Involvement in TQM for focused improvements in the areas of productivity, cost, efficiency and safety by encouraging sharing & learning of best practices across locations, external platforms and industries. Employee involvement in TQM initiatives has won various accolades in prominent Quality forums including:

1. Outstanding and Excellence awards for its best Kaizens in 9th QCFI Kaizen competition, Chennai, January 2014.

2. Indian National Suggestion Scheme Association's Award for Excellence in Suggestion Scheme, Best idea Exhibit, Best Suggestion Case study, New Delhi, February 2014.

The total number of employees in the Company was 8145 Nos. (Permanent:3329 and Outsourced & Trainees: 4816) as on March 31, 2014.

Annexure to the Directors' Report

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of Coromandel International Limited confirm that in the preparation of the Statement of Profit and Loss for the year ended 31st March 2014 and the Balance Sheet as at that date ("financial statements") :

- the applicable accounting standards have been followed
- appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for that period.
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. To ensure this, the company has established internal control systems, consistent with its size and nature of operations, subject to the inherent limitations that should be recognized in weighing the assurance provided by any such system of internal controls. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The Audit Committee meets at regular intervals to review the internal audit function.
- Proper systems are in place to ensure compliance of all laws applicable to the Company.
- The financial statements have been prepared on a going concern basis.

On behalf of the Board

Place: Hyderabad
Dated: 12th May 2014

A Vellayan
Chairman

Information under Section 217 (1) (e) of, the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors ' Report.

A. CONSERVATION OF ENERGY

Company has formed Operational Improvement Teams and various energy conservation schemes formulated by the Teams have yielded considerable energy savings during the year 2013-14.

At Visakhapatnam Plant, the following improvements were implemented which resulted in energy savings:

- 1600KVA transformer was replaced by 250KVA transformer in GFCL terminal, resulting in minimizing transformer losses
- Quick melter wall thickness was increased by 6" to minimize water seepage and avoid consequent energy consumption
- Insulation for 5 Kilometer long 16" Ammonia pipe line renewed, resulting in lower heat losses from system
- Modern high efficiency 2 nos 400 KWH seawater pumps have been installed replacing old 2nos 600 KWH pumps.
- Replaced age old glycol heater with new glycol heater

  ENCON and SGA teams have been constituted to constantly look at the energy conservation and other improvement schemes.

B. TECHNOLOGY ABSORPTION

- Deployed SS310 piping for acid circulation lines, replacing age old cast iron piping
- Upgradation of PLC from S5-S7 for B bagging machine
- Some of the pumps, blowers, storage tanks, variable frequency drives, motors, motor control centres and heat exchangers were replaced with higher capacity and efficient modern equipment.
- Installed modern analytical instruments, process control equipment, inspection & condition monitoring equipment and weigh scales for better process control and compliance

C. RESEARCH AND DEVELOPMENT

At Visakhapatnam Plant

- Trials were conducted with different grades rock phosphates for production of Phosphoric acid and Single Super Phosphate (SSP)
- Commercialised 24-24-0-8S production
- Two new fortified grades produced on commercial scale using in-house know-how – Zincated DAP and Boronated SSP.
- Production technologies developed for several specialty products designed to deliver sulphur and micronutrients to the soil.

R & D Expenses incurred at the in-House Approved Centres

₹ In Lakhs

Nature of Expenses	2013-14	2012-13
Capital Expenditure	111	142
Revenue Expenditure	419	391

D. FOREIGN EXCHANGE EARNINGS AND OUT GO

₹ In Lakhs

Nature of Expenses	2013-14	2012-13
Used	589217	513051
Earned	13988	10883

FORM A

		Current Year 2013-14	Previous Year 2012-13
A.	**Power & Fuel consumption**		
1.	Electricity		
	a) Purchased		
	Units (Lakh Units)	1,497.18	1,015.51
	Amount (₹ Lakhs)	8,238	5,902
	Rate / Unit (₹ / kwh)	5.50	5.81
	b) Own generation		
	Through DG Sets		
	Units (Lakh Units)	16.46	122.84
	Units / litre of HSD	3.17	4.16
	Rate / Unit (₹ / kwh)	20.19	15.00
	Through TG Set		
	Units (Lakh Units)	382.21	342.26
	Units / litre LSHS		
	Rate / Unit (₹ / kwh)	0.32	0.36
2.	Coal		Not used
	Quantity (MT)	5,142.65	-
	Total cost (₹ Lakhs)	354.14	-
	Rate / Unit (₹ / MT)	6,886.00	-
3.	a) Fuel: Furnace oil / LSHS		
	Quantity (K. Litres)	1,383.52	4,046.01
	Total cost (₹ Lakhs)	734	2,164
	Rate / Unit (₹ / K. Litres)	53,055	53,486
	b) Compressed Natural Gas		
	Quantity SM^3 in Lakhs	87.21	57.83
	Total amount (₹ In Lakhs)	1,890	1,149
	Average Rate per 1000 SM^3 (₹)	21,679	19,886
B.	**Consumption per MT of Fertilisers Produced**		
	Electricity (KWH)	63.28	79.24
	Fuel: Furnace Oil / LSHS (K.Litres)	0.0011	0.0042
	Compressed Natural Gas (SM^3)	4.34	3.54

Statement under Section 217(2A) of the Companies Act, 1956

a) Employed throughout the Financial Year and in receipt of remuneration aggregating ₹ 60,00,000 or more

Name, age and Qualification	Designation and nature of duties	Date of commence-ment of employment	Experi-ence in years	Remunera-tion (₹)	Last Employment
Kapil Mehan, 55 Graduate in Vet. Science, PGDM (Agri) (IIMA)	Managing Director	20-09-2010	33	2,28,54,123	Executive Director Tata Chemicals Limited
Arun Leslie George, 47 M.A(SW), PMIR	Sr Vice President & Head of HR	01-10-2003	24	83,58,213	Deputy General Manager-HR EID Parry (India) Limited
P Gopalakrishna, 55 B.Sc (Ag), PGDM (IIMA)	Sr Vice President- Spl. Nutrients & Business Development	01-12-2003	31	75,06,421	Deputy General Manager-Marketing EID Parry (India) Limited
S Govindarajan, 51 B.Tech. (Mech), GDMM (IIMM)	Sr. Vice President & Head - SSP Business	26-09-1992	29	84,48,430	Asst. Manager National Fertilisers Limited
S Sankarasubramanian, 44 B.Sc, ICWA	Sr Vice President & Chief Financial Officer	01-12-2003	23	72,07,905	Deputy General Manager – Finance EID Parry (India) Limited
R. D. Singh 52 Ph.D in Agronomy PLAM (IIMC)	Sr. Vice President & Head of Retail	16-05-2012	29	76,19,131	Vice President – Marketing Matix Fertilisers and Chemicals Limited
b) Employed for part of the Financial Year and in receipt of remuneration aggregating ₹ 5,00,000 per month or more					
Dr G Ravi Prasad, 58 Ph.D in Agricultural Chemicals	President – Marketing Fertilisers & Organic	01-04-2007	31	54,37,826	Vice President-Commercial Zuari Industries Limited

1. Remuneration includes salary and allowances, commission where applicable, Company's contribution to Provident Fund, Superannuation Fund and Group Gratuity Scheme, reimbursement of medical expenses at actuals, and monetary value of perquisites calculated in accordance with the Income Tax Act/Rules.
2. The employment of all employees of the Company is of contractual nature.
3. There are no employees in the service of the Company within the category covered by Sub-Section (2)(iii) of Section 217(2A) of the Companies Act, 1956.
4. None of the above employees is a relative of any Director of the Company.

On behalf of the Board

Place: Hyderabad
Dated: 12th May 2014

A Vellayan
Chairman

Disclosure pursuant to Clause 12 of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999

Nature of Disclosure	Particulars	
a. Options granted	No Options were granted during the year. The total options granted upto date is 75,72,000. Each Option gives the grantee a right to subscribe to one equity share of ₹ 1/- each of the Company.	
b. The pricing Formula	The Options carry a right to subscribe to equity shares at the closing price on the Stock Exchange in which there was highest trading volume, prior to the date of grant of the Options.	
c. Options vested	52,03,962	
d. Options exercised	33,87,926	
e. The total no of shares arising as a result of exercise of option	33,87,926	
f. Options lapsed/surrendered	17,82,898	
g. Variation of terms of Option	Vesting schedule has been varied in certain cases. The exercise period for the all the options vested in the 2^{nd}, 3^{rd} and 4^{th} year has been extended from 3 years to 6 years.	
h. Money realised by exercise of Options	₹ 1,632.48 lakhs	
i. Total no of Options in force	24,01,176	
j. (i) Details of Options granted to Senior Management Personnel	**Name and Designation**	**No of Options granted**
	Mr Kapil Mehan *Managing Director*	9,46,000
	Dr G Ravi Prasad *President-Marketing Fertilisers & Organic*	2,70,400
	Mr Arun Leslie George *Sr Vice President & Head of HR*	2,70,400
	Mr P Gopalakrishna *Sr Vice President-Speciality Nutrients and Business Development*	2,70,400
	Mr S Sankarasubramanian *Sr Vice President & Chief Financial Officer*	1,37,200
(ii) Any other employee who received a grant in any one year of Option amounting to 5% or more of Options granted during the year	Mrs Hima Srinivas	1,20,000
	Mr C Sitaram	1,44,000
	Mr K Sankaranarayanamoorthy	1,44,000
	Mr Manoj K Agarwal	91,400
	Mr Parvez Sheikh	80,000
	Mr R Vaidyanathan	80,000
	Mr Suri V	96,000
	Mr K Muruganandham	96,400
	Mr M Ravindra Rao	72,000
	Mr Hari Shankar	72,000
(iii) Employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital of the company at the time of grant.	None	
k. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard AS-20.	₹ 12.03 per share	

l. (i) Method of calculation of employee compensation cost	The employee compensation cost has been calculated using the intrinsic value method of accounting to account for Options issued under the ESOP Scheme 2007. The stock based compensation cost as per the intrinsic value method for the financial year 2013-14 is Nil.
(ii) Difference between the compensation cost using the intrinsic value of the stock Options (which is the method of accounting used by the company) and the compensation cost that would have been recognized in the accounts if the fair value of Options had been used as the method of accounting.	₹ 357 lakhs

(iii) Impact of the difference mentioned in (ii) above on the profits of the company

Net Income	**₹ in lakhs**
As reported	34485
Less: fair value compensation cost	357
(Black Sholes model)	34128

(iv) Impact of the difference mentioned in (ii) above on the EPS of the company

	Basic (₹)	**Diluted (₹)**
As reported	12.05	12.03
As Adjusted	11.93	11.91

m. (i) Weighted Average exercise price of Options	₹ 232.62 per equity share
(ii) Weighted average fair value of Options	₹ 68.38 per equity share
n. (i) Method used to estimate the fair value of Options	Black Sholes Model
(ii) Significant assumptions used (weighted average information relating to all grants):	
(a) Risk-free interest rate	8.0%
(b) Expected life of the Option	4-6 years
(c) Expected volatility	0.39 – 0.47
(d) Expected dividend yields	700%

(e) Price of the underlying share in market at the time of option grant

Date of grant	**Market Price (₹)**
31.8.2007	44.58
22.1.2008	56.08
22.4.2008	67.88
22.7.2008	59.95
22.10.2008	62.75
18.3.2009	45.10
19.10.2010	317.30
12.01.2011	287.50
21.07.2011	334.35
18.10.2011	315.00

Report on Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in India, compliance with the requirements of Corporate Governance is set out below:

Company's Philosophy

Coromandel International Limited (Coromandel) a constituent of the Murugappa Group is committed to the highest standards of corporate governance in all its activities and processes.

Coromandel looks at corporate governance as the corner stone for sustained superior financial performance, for serving all its stakeholders and for instilling pride of association. Apart from drawing on the various legal provisions, the group practices are continuously benchmarked in terms of the Confederation of Indian Industry (CII) Code and international studies. The entire process begins with the functioning of the Board of Directors ('Board'), with leading professionals and experts serving as independent directors and represented in the various Board committees. Systematic attempt is made to eliminate informational asymmetry between Executive and Non-Executive Directors.

Key elements of corporate governance are transparency, disclosure, supervision and internal controls, risk management, internal and external communications, and high standards of safety, health, environment, accounting fidelity, and product and service quality. The Board has empowered responsible persons to implement its broad policies and guidelines and has set up adequate review processes.

The following is a report on the corporate governance.

1. **Board of Directors**
   - **Composition and size of the Board**

     Presently the Board comprises of seven Directors of which the Managing Director is an Executive Director. Out of the six Non-Executive Directors, three are Independent Directors and two Directors are Non Independent Directors. The Non-Executive Directors bring independent judgment in the Board's deliberations and decisions.

   - **Board meetings and attendance**

     Six Board Meetings were held during the year as against the minimum requirement of four meetings. The dates on which the meetings were held are as follows:

Sl. No.	Date of Meeting	Board Strength	No. of Directors present
1	23rd April 2013	8	8
2	23rd July 2013	8	8
3	28th September 2013	8	6
4	22nd October 2013	8	8
5	24th January 2014	8	7
6	21st March 2014	7	7

   - Attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM) and the number of Directorship, Membership and Chairmanship in Committees of other Companies.

Name and Designation of the Director	Category of Director-ship	Attendance particulars		No. of other Directorships and Committee Memberships***		
		Board Meetings	Last AGM	Director- ships in other public companies as on 31.03.2014 #	Committee	
					Member	Chairman
Mr A Vellayan *Chairman*	Non-Executive	6	Yes	4	-	-
Mr V Ravichandran *Vice Chairman*	Non-Executive	6	Yes	4	3	1
Mr Kapil Mehan *Managing Director*	Executive	6	Yes	6	1	-
Mr K Balasubramanian * *Director*	Non-Executive & Independent	2	Yes	-	-	-
Dr BVR Mohan Reddy *Director*	Non-Executive & Independent	6	Yes	3	1	-
Mrs Ranjana Kumar *Director*	Non-Executive & Independent	5	Yes	3	1	1
Mr M M Venkatachalam *Director*	Non-Executive	5	Yes	8	-	1
Mr Uday Chander Khanna Director	Non-Executive & Independent	6	Yes	4	2	3
Dr J S Sarma**	Non-Executive & Independent	2	NA	-	-	-

\# Excludes Directorships in associations, private, foreign and Section 25 companies.

* Retired on 23rd July 2013

** Appointed w.e.f. 8th August 2013.Expired on 28th February 2014 and hence ceased to a Director

*** Represents Directorships/Memberships of Audit and Investors' Grievance Committee of Public Limited Companies as defined in Section 3 of the Companies Act, 1956.

Subsequent to the year ended 31st March 2014, Mr. Prasad Chandran has been appointed as an Additional Director in the category of Independent Director on 18th April 2014.

2. Audit Committee

The terms of reference of the Audit Committee, inter alia, includes the following:

a) To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the financial reports of the Company, internal control systems, scope of audit and observations of the Auditors / Internal Auditors;

b) Discussion with internal auditors on significant audit findings and follow up thereon;

c) To review compliance with internal control systems;

d) To review the quarterly and annual financial results of the Company before submission to the Board;

e) To make recommendations to the Board on any matter relating to the financial management of the Company, including the Audit Report;

f) Reviewing the functioning of the Whistle Blower mechanism;

g) Recommending the appointment/reappointment of statutory auditors and their remuneration.

- **Audit Committee meetings and attendance**
  - Five Audit Committee Meetings were held during the year. The dates on which the meetings were held are 23rd April 2013, 22nd July 2013, 28th September 2013, 22nd October 2013 and 24th January 2014.
  - Details of the composition of the Audit Committee and attendance of Members during the year are as follows:

Name	Desig-nation	Category of Directorship	Atten-dance
Mr K Balasubramanian *	Chairman	Non-Executive & Independent	2
Mr Uday Chander Khanna @	Chairman	Non-Executive & Independent	5
Dr BVR Mohan Reddy	Member	Non-Executive & Independent	5
Mr M M Venkatachalam	Member	Non-Executive	3

* Retired on 23rd July 2013

@ Appointed as Chairman w.e.f. 23rd July 2013

The Company Secretary is the Secretary of the Committee. The Managing Director, Chief Financial Officer, Senior Vice Presidents, General Manager-Management Audit and Risk Management, along with the Statutory Auditors and the Cost Auditors are invitees to the Audit Committee.

The Chairman of the Audit Committee, Mr K Balasubramanian, was present at the Annual General Meeting of the Company held on 23rd July 2013.

3. Subsidiary Companies

The Company does not have any material unlisted Indian subsidiary in terms of Clause 49 of the Listing Agreement. However, the Minutes of the Meetings of Board of Directors of all the subsidiary companies are periodically placed before the Board of Directors of the Company.

4. Remuneration to Directors

a) Remuneration & Nomination Committee

- The main scope of the Committee is to determine and recommend to the Board the persons to be appointed/reappointed as Executive Director/Non Executive Director.
- The Committee also determines and recommends to the Board on the financial component and the incentive/commission to the Executive Directors.
- The Committee has also been appointed for administration of the Employee Stock Option Scheme 2007.

Remuneration & Nomination Committee meetings and attendance

- Two meetings of the Committee were held during the year, on 23rd April 2013 and 23rd July 2013.
- Details of the composition of the Remuneration & Nomination Committee and attendance of Members during the year are as follows:

Name	Designation	Category of Directorship	Atten-dance
Mr. BVR Mohan Reddy	Chairman	Non-Executive Independent	2
Mrs. Ranjana Kumar	Member	Non-Executive Independent	2
Mr M M Venkatachalam	Member	Non-Executive	1

b) Remuneration Policy

Executive Directors

- The compensation of the executive directors comprises of fixed component and a performance incentive/commission. The compensation is determined based on levels of responsibility and scales prevailing in the industry. The performance incentive/commission is determined based on certain pre-agreed performance parameters.

- The executive directors are not paid sitting fees for any Board / Committee meetings attended by them.

Non-Executive Directors

- The compensation of the non-executive directors is in the form of commission paid out of profits. Though the shareholders have approved payment of commission upto 1% of net profits of the Company for each year, calculated as per the provisions of the Companies Act, 1956, the commission paid to the directors is usually restricted to a fixed sum. This sum is reviewed periodically taking into consideration various factors such as performance of the Company, time spent by the directors for attending to the affairs and business of the Company and extent of responsibilities cast on directors under general law and other relevant factors. Depending on the time and efforts put in by the directors towards the affairs of the Company, the directors are also paid a differential remuneration. The aggregate commission paid to all non-executive directors currently is well within the limit of 1% of net profits as approved by the shareholders. The non-executive directors are also paid sitting fees as permitted under the relevant statutory provisions for every Board / Committee meeting attended by them.

- **Shareholdings**

The details of Shareholdings of the Non Executive Directors in the Company as at 31st March 2014 are as follows:

Name	No. of Shares
Mr A Vellayan	118510
Mr V Ravichandran	40193
Dr BVR Mohan Reddy	48000
Mrs Ranjana Kumar	Nil
Mr M M Venkatachalam	100156
Mr Uday Chander Khanna	Nil

c) Details of remuneration paid to the Directors for the year:

- The details of remuneration paid/payable to the Managing Director for the financial year ended 31st March 2014 is as follows:

Amount ₹

Name	Salary	Contribution to Funds	Value of Perk & Allowances	Commission/ Incentive payable	Total
Mr Kapil Mehan Managing Director	71,94,000	22,93,447	94,84,696	59,31,875	2,49,04,018

Note: A sum of ₹ 33,81,980/- was paid during the year towards incentive for the year 2012-13.

- 946000 options were granted during the year 2010-11 to Mr Kapil Mehan pursuant to Employee Stock Option Scheme 2007 at an exercise price of ₹ 317.30 per equity share vesting over a period of 4 years with first vesting after one year from the date of grant. The first vesting is exercisable over a period of three years from the date of vesting. The second, third and fourth vesting are exercisable over a period of 6 years from the date of vesting. The following is the summary of options granted to Mr Kapil Mehan:

Total Options granted	946000
Options Vested	548680
Options cancelled	113520
Options Exercised	Nil
Balance Outstanding	283800

- The agreement with the Managing Director is for a period of five years (October 19, 2010 to October 18, 2015). Either party to the agreement is entitled to terminate the agreement by giving not less than 90 days notice in writing to the other party.

- 967000 options were granted during the year 2007-08 to Mr V Ravichandran (then Managing Director) pursuant to Employee Stock Option Scheme 2007 at an exercise price of ₹ 44.58 per equity share. The first vesting is exercisable over a period of three years from the date of vesting. The second, third and fourth vesting are exercisable over a period of 6 years from the date of vesting. The following is the summary of options granted to Mr V Ravichandran:

Total Options granted	967000
Options Vested	937990
Options cancelled	29010
Options Exercised	659000
Balance Outstanding	278990

· The details of sitting fees and commission paid/ payable to Non-Executive Directors for the financial year ended 31st March 2014:

Non-Executive Directors	Sitting Fees* ₹	Commi-ssion* ₹
Mr A Vellayan	1,00,000	2,00,00,000
Mr V Ravichandran	1,00,000	5,00,000
Mr K Balasubramanian	60,000	1,56,164
Dr BVR Mohan Reddy	1,95,000	5,00,000
Mrs Ranjana Kumar	1,25,000	5,00,000
Mr M M Venkatachalam	1,30,000	5,00,000
Mr Uday Chander Khanna	1,65,000	5,00,000
Dr J S Sarma	30,000	2,80,822
TOTAL	**9,05,000**	**2,29,36,986**

* Excludes Service Tax.

5. Share Transfer & Investors' Grievance Committee

- A meeting of the Committee was held during the year on 22nd October 2013.
- Details of the composition of the Share Transfer & Investors' Grievance Committee and attendance of Members during the year are as follows:

Name of the Director	Desig-nation	Category of Directorship	Atten-dance
Mr K Balasubramanian	Chairman*	Non-Executive & Independent	-
Mrs. Ranjana Kumar	Chairman@	Non-Executive & Independent	1
Mr A Vellayan	Member	Non-Executive	1
Mr V Ravichandran	Member	Non-Executive	1

* Retired on 23rd July 2013
@ Appointed to the Committee on 23rd July 2013

- **Name, designation and address of the Compliance Officer:**
  Mr P Varadarajan
  Company Secretary
  Coromandel International Limited
  Coromandel House
  1-2-10 Sardar Patel Road
  Secunderabad 500003
  Phone: (040) 27700564
  Fax : (040) 27844117
  Email ID: Investorsgrievance@coromandel.murugappa.com
- During the year the Company had received 13 complaints from the investors and all of them were resolved satisfactorily, except for one which was resolved subsequent to the year end. There were no transfers pending at the close of the financial year.
- In order to facilitate faster redressal of investors' grievances the Company has created an exclusive email ID "Investorsgrievance@coromandel.murugappa.com". Investors and shareholders may lodge their query/complaints addressed to this email ID which would be attended to immediately.

6. **General Body Meetings:**

- Location and date /time for last three Annual General Meetings were:

Year	Location	Date	Time
2010-2011	Hotel Minerva Grand, CMR Complex, Besides Manju Theatre, Sarojini Devi Road, Secunderabad	21st July 2011	10.30 AM
2011-2012		23rd July 2012	10.30 AM
2012-2013		23rd July 2013	10.30 AM

Postal Ballot

At the ensuing Annual General Meeting, there is no item on the Agenda that requires approval through Postal Ballot.

Special Resolutions passed during the previous three Annual General Meetings

Financial year 2012-13

Special resolution passed for payment of commission to non-executive Directors of the Company, not exceeding 1% of the Company's net profits computed in the manner provided in Section 198 of the Companies Act 1956 for each of the five years commencing from 1st April 2013, in such manner and proportion as the Board may decide from time to time.

Financial year 2011-12

Special resolution passed –

- For modification of Employee Stock Option Scheme 2007, for enhancing the exercise period to six years.
- To constitute a scheme called "Employee Stock Option Plan 2012" (ESOP 2012) to grant of stock options to employees of company by acquiring from secondary market through an ESOP Trust set up by the Company.
- To extend the benefits of the above mentioned ESOP scheme to the permanent employees of the Subsidiary Company.

Financial year – 2010-11

No special resolutions were passed.

6a. Details of Director seeking appointment / re-appointment

As per the provisions of Companies Act, 1956, two-thirds of the Directors should be retiring Directors. One-third of these retiring Directors are required to retire every year and if eligible, these Directors qualify for re-appointment.

Dr BVR Mohan Reddy and Mr. V Ravichandran retire by rotation at the ensuing Annual General Meeting.

Dr BVR Mohan Reddy and Mr. V Ravichandran being eligible offer themselves for re-appointment.

Mr. Prasad Chandran, who was appointed as an Additional Director is holding office till the date of the ensuing Annual General Meeting. A member has proposed his appointment at the ensuing Annual General Meeting.

In compliance with the provisions of Section 149 of the Companies Act, 2013, resolutions have been proposed for appointment of Mr. Uday Chander Khanna and Mrs. Ranjana Kumar as Independent Directors of the Company.

Brief resume and profile of Dr BVR Mohan Reddy, Mr. V Ravichandran Mr. Prasad Chandran, Mr. Uday Chander Khanna and Mrs. Ranjana Kumar, along with the additional information required under Clause 49(VI)(A) of the Listing Agreement is given below:

Mr V Ravichandran (58) is an Engineering Graduate and holds a Post Graduate Diploma in Management from IIM, Ahmedabad. He is also a Cost Accountant and a Company Secretary. After having served Ashok Leyland Limited initially for a short period, he joined the Murugappa Group and worked in the Parry Group of Companies mainly in the fields of finance and marketing. He also headed the Crop Protection business. He was the Managing Director of Coromandel International Limited. Currently, Mr. Ravichandran is Lead Director (Fertilisers & Sugars) on the Murugappa Corporate Board.

Dr BVR Mohan Reddy (64) holds a graduate degree in mechanical engineering from the College of Engineering, Kakinada and postgraduate degrees from IIT, Kanpur, and University of Michigan, Ann Arbor. Mr. Reddy is a member of the NASSCOM Executive Council. He is also a member on the National Council of Confederation of Indian Industry (CII) and is the Co-Chair Person of the CII's National Committee on Design. He is the Chairman of the Board of Governors of IIT Hyderabad and is a proud recipient of an honorary doctorate from JNTU Hyderabad; Distinguished Alumnus Award from IIT Kanpur and ASME (American Society of Mechanical Engineers) CIE Leadership Award for outstanding leadership in advancing the use of computers in information engineering. He is the Founder Chairman and Managing Director of Infotech Enterprises Limited. He is also on the Boards of Vizag IT Park Limited and Infotech HAL Limited.

Mr. Prasad Chandran (61 years), has graduated in Chemistry Honors from Bombay University and MBA from University Business School Chandigarh. He had advanced management education in Wharton Business School, University of Pennsylvania, and AOTS from Tokyo University, Japan. He has opted to superannuate after thirty seven years of corporate life, of which the last 13 years was as Chairman & Managing Director of BASF India Limited. He is an independent director on the Board of Bosch India Limited.

Mrs. Ranjana Kumar (69 years) holds a Bachelor of Arts degree, and is a Gold Medalist. She had an illustrious career in the Indian banking industry spanning over four decades. She started her career with Bank of India in the year 1966 as a probationary officer and held several senior positions in the Bank. She was CEO of US operations of Bank of India based in New York. She moved to Canara Bank as its Executive Director holding concurrent charge as Chairperson of Canara bank. Thereafter she became the Chairperson of Indian Bank and continued for a period of three and half years. She is also credited with turning around the ailing Indian Bank as its Chairperson within a period of 3 years and has authored a book on the turnaround. She also headed the National Bank of Agriculture and Rural Development (NABARD). Mrs. Ranjana Kumar retired as Vigilance Commissioner, Central Vigilance Commission, Government of India.

Mr Uday Khanna (65 years) is currently the non-executive Chairman of Lafarge India Pvt. Ltd. and Bata India Ltd. He also serves on the Boards of Castrol India Ltd., Pfizer Ltd., Coromandel International Ltd, Thomas Cook (India) Ltd and DSP BlackRock Investment Managers Pvt. Ltd. He was Managing Director & CEO Lafarge India from July 1, 2005 to July 2011. He joined the Lafarge Group in Paris on 1st June 2003 as Senior Vice President for Group Strategy, after a long experience of almost 30 years with Hindustan Lever/Unilever in a variety of financial, commercial and general management roles both nationally and internationally.

His last position before joining Lafarge, was Senior Vice President Finance, Unilever - Asia, based in Singapore. He has earlier been on the Board of Hindustan Unilever as Director –Exports after having served as Financial Controller and Treasurer of the company. He has also worked as Vice Chairman of Lever Brothers in Nigeria and General Auditor for Unilever-North America based in the USA.

Mr. Uday Khanna is a Chartered Accountant. He was the President of the Indo-French Chamber of Commerce & Industry in 2008 & 2009 and the President of the Bombay Chamber of Commerce & Industry in 2012-2013.

6b. Other Directorships

The details of Other Directorships and Committee Memberships of the above-referred Director are as follows:

Mr V Ravichandran

Name of the Company	Chairmanship/ Directorship	Committee	Chairman/ Member
E.I.D Parry (India) Limited	Vice-Chairman	Audit Investors' Grievance	Member Member
Murugappa Holdings Limited	Chairman	-	-
Parrys Sugar Industries Limited	Director	Investors' Grievance	Chairman
Sabero Organics Gujarat Limited	Director	Audit	Member

Dr. B V R Mohan Reddy

Name of the Company	Chairmanship/ Directorship	Committee	Chairman/ Member
Infotech Enterprises Limited	Chairman & Managing Director	Investors' Grievance	Member
Infotech HAL Limited	Director	-	-
Vizag IT Park Limited	Director	-	-

Mr. Prasad Chandran

Name of the Company	Chairmanship/ Directorship	Committee	Chairman/ Member
Bosch Limited	Director	-	-

Mrs. Ranjana Kumar

Name of the Company	Chairmanship/ Directorship	Committee	Chairman/ Member
Tata Global Beverages Limited	Director	Audit	Member
GVK Power & Infrastructure Limited	Director	-	-
International Paper APPM Limited	Director	Share Transfer & Investors Grievance	Chairman

Mr. Uday Chander Khanna

Name of the Company	Chairmanship/ Directorship	Committee	Chairman/ Member
Bata India Ltd	Chairman	Audit Share Transfer & Investors Grievance	Member Chairman
Castrol India Limited	Director	Audit	Chairman
Pfizer Limited	Director	-	-
Thomas Cook (India) Limited	Director	Audit Share Transfer & Investor Grievance	Chairman Member

Note: Includes only public limited companies as defined in Section 3 of the Companies Act, 1956.

7. Disclosures

- **CEO and CFO Certification**

  The Managing Director and Chief Financial Officer have given a Certificate to the Board as contemplated in Clause 49 of the Listing Agreement.

- **Related Party Transactions**

  There were no materially significant related party transactions, which had potential conflict with the interests of the Company at large. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.

  Transactions with the Related Parties are disclosed in Note No. 38 of the standalone financial statements forming part of this Annual Report.

- **Compliance**

  A Statement of Compliance with all Laws and Regulations as certified by the Managing Director and the Company Secretary is placed at periodic intervals for review by the Board. The Board considers material Show Cause/Demand Notices received from Statutory Authorities and the steps/ action taken by the Company in this regard. The Board reviews the compliance of all the applicable Laws and gives appropriate directions wherever necessary.

- **Code of Conduct**

  The Board of Directors have laid-down a "Code of Conduct" (Code) for all the Board Members and the senior management of the Company and this Code is posted on the Website of the Company. Annual declaration is obtained from every person covered by the Code.

- **Risk Management**

  The Board regularly discusses the significant business risks identified by the management and the mitigation process being taken up.

  A Risk Management Committee comprising of Mrs. Ranjana Kumar, Director, and Mr Kapil Mehan, Managing Director, has been constituted by the Board. This Committee is empowered to monitor the Risk management and their mitigation processes.

  A detailed note on the risk identification and mitigation is included in Management Discussion and Analysis annexed to the Directors Report.

- **Pecuniary transactions with Non-Executive Directors**

  There were no pecuniary transactions with any of the Non Executive Directors.

- **Strictures/Penalty**

  During the last three years, there were no strictures or penalties imposed on the Company by either Stock Exchanges or Securities and Exchange Board of India or any statutory authority for non-compliance on any matter related to capital markets.

- **Management Discussion and Analysis**

  Management Discussion & Analysis is annexed to the Directors' Report which forms part of this Annual Report

8. Means of Communication

Quarterly results are published in The Business Standard (all editions) and Andhra Prabha (Hyderabad Edition). The results are also posted on the Company's Website**: www.coromandel.biz**. Presentation made to the Analysts is posted on the Company's Website .

9. General Shareholder Information

-	Date, Time & Venue of AGM	23rd July 2014 at 10.30 AM at Hotel Minerva Grand CMR Complex, Beside Manju Theatre Sarojini Devi Road Secunderabad 500 003
-	Financial Calendar	i) Financial Year – April to March ii) First Quarter Results – last week of July 2014* iii) Half-yearly Results – last week of October 2014* iv) Third Quarter Results - last week of January 2015* v) Results for the year ending March 31, 2015- last week of May 2015* **provisional*

-	Date of Book Closure	16th July, 2014 to 23rd July, 2014 (both days inclusive)
-	Dividend 2013-14	Proposed Dividend ₹ 4.50 per share (450%), subject to approval by members in the AGM.
-	Dividend Payment date (s)	On or after 23rd July 2014
-	Listing of Shares	Company's shares are listed at: Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers Dalal Street Mumbai 400 001 National Stock Exchange of India Ltd Exchange Plaza, 5th Floor Plot No.C/1, G Block Bandra-Kurla Complex Bandra (E), Mumbai 400 051
		Listing fees for the year have been paid to all the above Stock Exchanges.
-	Stock Code: -The Bombay Stock Exchange Ltd	Physical Scrip Code No.6395 Demat Scrip Code No.506395
	-National Stock Exchange of India Ltd	COROMANDEL
-	ISIN for (shares) of NSDL & CDSL	INE 169A01031
-	Market Price Data : High, Low during each month in last Financial year/Performance in comparison to BSE Sensex and S&P CNX Nifty	Please see Annexure 'A'
-	Registrar and Transfer Agents	Karvy Computershare Pvt. Ltd Plot No.17-24, Vithal Rao Nagar Madhapur, Hyderabad 500 081 Tel.No.(040) 23420815 - 828 Fax No.(040) 23420814
-	Share Transfer System	All the transfers received are processed and approved by the Share Transfer & Investors' Grievance Committee at its meetings or by circular resolutions.
-	Employee Stock Option Scheme	The Company has earmarked 1,27,85,976 equity shares of ₹ 1/- each under the Employee Stock Option Scheme 2007. Each Option is convertible into an equity share of ₹ 1/- each. The number of Options granted and outstanding as on March 31, 2014, are 24,01,176 . The vesting period and the exercise period of the Stock Options shall be determined by the Remuneration & Nomination Committee subject to the minimum vesting period being one year.
-	Distribution of Shareholding and Share holding pattern as on 31.3.2014	Please see Annexure 'B'
-	Dematerialisation of shares and Liquidity	96.42% of the shareholding has been dematerialized as on 31.03.2014.
-	Plant Locations	The Company's plants are located at a) Malkapuram, Visakhapatnam, A.P. b) Beach Road, Kakinada, A.P. c) Ennore, Chennai, Tamil Nadu d) Ranipet, North Arcot, Tamil Nadu e) Ankleshwar, Gujarat f) Baribrahmana, Jammu & Kashmir g) Hospet, Karnataka h) Udaipur,Rajasthan i) Baroda, Gujarat j) Kota, Rajasthan k) Pali, Maharashtra l) Khargone, Madhya Pradesh m) Raebareli, Uttar Pradesh

-	Registered Office / Address for Correspondence	Coromandel International Limited Coromandel House 1-2-10, Sardar Patel Road Secunderabad 500 003 Tel.No.040 27842034 Fax: 040 27844117 email: varadarajanp@coromandel.murugappa.com
-	Nomination Facility	The Companies (Amendment) Act, 1999 has introduced through Section 109A, the facility of nomination to share / debenture / deposit holders. The facility is mainly useful for all those holding the shares / debentures / deposits in single name. In cases where the securities / deposits are held in joint names, the nomination will be effective only in the event of the death of all the holders. Investors are advised to avail of this facility, especially investors holding securities in single name. The nomination form may be had on request from the Company's Registrars & Transfer Agents for the shares held in physical form. For the shares held in dematerialized form, the nomination has to be conveyed by the shareholders to their respective Depository Participant directly, as per the format prescribed by them.

10. NON-MANDATORY REQUIREMENT

a.	**Remuneration & Nomination Committee**	The Board has constituted a Remuneration & Nomination Committee with three Non- Executive Directors. The Committee reviews and recommends to the Board on appointment / reappointment of Directors and recommends to the Board the remuneration package and incentive/commission on profits to the Executive Directors.
b.	**Shareholder Rights**	Quarterly financial results are published in leading newspapers, viz. The Business Line and vernacular – Andhra Prabha. The audited results for the financial year are approved by the Board and then communicated to the members through the Annual Report and also published in the newspapers.
c.	**Whistle Blower Policy**	The Company has established a whistle blower mechanism to provide an avenue to raise concerns. The mechanism provides for adequate safeguards against victimization of employees who avail of it and also for appointment of an Ombudsperson who will deal with the complaints received. The policy also lays down the process to be followed for dealing with complaints and in exceptional cases, also provides for direct appeal to the Chairperson of the Audit Committee. We further affirm that during the year, no employee was denied access to the audit committee.
d.	**Other Non Mandatory Requirement**	At present, other non mandatory requirements have not been adopted by the Company.

11. OTHER REQUIREMENTS

a. Unclaimed shares

Following is the reconciliation of unclaimed shares in "Coromandel International Limited – Unclaimed Suspense Account", pursuant to Clause 5A of the Listing Agreement.

No of share-holders as on 01.04.2013	6137
Outstanding shares in the suspense account lying as on 01.04.2013	2273674
Number of shareholders who approached issuer for transfer of shares from suspense account during the year	48
Number of shareholders to whom shares were transferred from suspense account during the year	48
Aggregate number of shareholders at the end of the year as on 31.03.2014	6089
Aggregate number of shares at the end of the year as on 31.03.2014	2243248

All corporate benefits that accrue on these shares such as bonus shares, split etc. shall also be credited to the Unclaimed Suspense Account and the voting rights on such shares shall remain frozen till the rightful owner of such shares claims the shares.

On behalf of the Board

Date: 12th May 2014
Place: Hyderabad

A Vellayan
Chairman

Certificate of compliance from Auditors as stipulated under Clause 49 of listing agreement with the Stock Exchanges in India

CERTIFICATE

To the Members of Coromandel International Limited

We have examined the compliance of conditions of Corporate Governance by Coromandel International Limited ("the Company") for the year ended on March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. 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 explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We 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 **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 008072S)

Ganesh Balakrishnan
Partner
(Membership No.201193)

HYDERABAD, May 12, 2014

Declaration on Code of Conduct

This is to confirm that the Board has laid down a code of conduct for all Board members and senior management personnel of the Company. The Code of Conduct has also been posted on the website of the Company. It is further confirmed that all Directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on March 31, 2014 as envisaged in Clause 49 of the Listing Agreement with stock exchanges.

Kapil Mehan
Managing Director

Place : Hyderabad
Dated : May 12, 2014

ANNEXURE - A

Period	The Bombay Stock Exchange Ltd (₹)		Sensex Index		National stock Exchange of India Ltd (₹)		S&P CNX Nifty	
	High	Low	High	Low	High	Low	High	Low
Apr-13	212.00	180.00	19622.68	18144.22	212.70	180.00	5962.30	5477.20
May-13	204.75	183.05	20443.62	19451.26	207.60	182.65	6229.45	5910.95
Jun-13	201.00	167.55	19860.19	18467.16	200.00	167.35	6011.00	5566.25
Jul-13	189.95	162.40	20351.06	19126.82	191.30	162.60	6093.35	5675.75
Aug-13	198.85	167.00	19569.20	17448.71	200.20	165.50	5808.50	5118.85
Sep-13	238.45	183.00	20739.69	18166.17	238.95	186.25	6142.50	5318.90
Oct-13	235.90	217.55	21205.44	19264.72	238.90	217.75	6309.05	5700.95
Nov-13	241.00	210.00	21321.53	20137.67	240.80	212.40	6342.95	5972.45
Dec-13	260.50	221.00	21483.74	20568.70	259.90	220.55	6415.25	6129.95
Jan-14	256.20	199.00	21409.66	20343.78	268.90	199.05	6358.30	6027.25
Feb-14	209.45	195.50	21140.51	19963.12	209.90	195.60	6282.70	5933.30
Mar-14	226.00	200.00	22467.21	20920.98	228.00	202.10	6730.05	6212.25

ANNEXURE B

DISTRIBUTION OF HOLDINGS AS ON MARCH 31, 2014

No. of equity shares held	No. of Shares	%	No. of Shareholders	%
1 - 5000	18149635	6.40	44082	98.43
5001 - 10000	2422451	0.86	337	0.75
10001 - 20000	1941960	0.69	132	0.29
20001 - 30000	1337045	0.47	54	0.12
30001 - 40000	1042554	0.37	30	0.07
40001 - 50000	909492	0.32	20	0.04
50001 - 100000	2876680	1.02	40	0.09
100001 & ABOVE	254502005	89.87	93	0.21
Total	**283181822**	**100.00**	**44788**	**100.00**
Physical Mode	**10139392**	**3.58**	**17240**	**38.49**
Demat Mode	**273042430**	**96.42**	**27548**	**61.51**

SHAREHOLDING PATTERN AS ON MARCH 31, 2014

Sl.No.	Category	No. of Shares	Percentage
1	Promoters	180632764	63.78
2	Mutual Funds	11119209	3.93
3	Banks, Financial Institutions & Insurance Company	4821092	1.70
4	Foreign Institutional Investor	19258058	6.80
5	Private Bodies Corporates	20236376	7.15
6	Indian Public	32753529	11.57
7	Non Resident Indians	3230137	1.14
8	Foreign Nationals	71960	0.03
9	Foreign Bank	1840	0.00
10	Overseas Corporate Bodies	9600000	3.39
11	Trusts	39333	0.01
12	Clearing Members	1417524	0.50
	Total	**283181822**	**100**

Independent Auditors' Report

TO THE MEMBERS OF
COROMANDEL INTERNATIONAL LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **COROMANDEL INTERNATIONAL LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and 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 Management is responsible for 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 Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of entities referred to below in the Other Matter Paragraph, 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:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;

(b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Other Matter

We did not audit the accounts / financial information of erstwhile Liberty Phosphate Limited and erstwhile Liberty Urvarak Limited for the year ended 31st March 2014 (refer Note 26 to the financial statements which describes the amalgamation of Liberty Phosphate Limited and Liberty Urvarak Limited with the Company with effect from 1st April, 2013), whose accounts / financial information reflect total assets (net) of ₹ 42154 Lakhs as at 31st March, 2014, total revenues of ₹ 38940 Lakhs and net cash outflows amounting to ₹ 301 Lakhs for the year ended on that date, as considered in the financial statements. These accounts / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, having regard to our comments in the Other Matter paragraph we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, having regard to our comments in the Other Matter paragraph we report that:

   (a) We have 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).

3. As required under provisions of Section 227(3) of the Act, we also report that on the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1) (g) of the Act.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 008072S)

Ganesh Balakrishnan
Partner
HYDERABAD, 12 May**,** 2014 (Membership No. 201193)

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) Having regard to the nature of the Company's business/activities/results during the year, clauses (x), (xii), (xiii), (xiv), (xviii), (xix) and (xx) of paragraph 4 of the Order are not applicable to the Company.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) In respect of its inventories:

(a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act 1956, according to the information and explanations given to us:

(a) The Company has granted loans aggregating ₹ 5 Lakhs to a party during the year. At the year-end, the outstanding balances of such loans granted aggregated ₹ 2556 Lakhs (number of parties two) and the maximum amount involved during the year was ₹ 4870 Lakhs (number of parties four).

(b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interest of the Company.

(c) Having regard to rollover of the loans, receipts of principal amounts and interest have been regular/as per stipulations.

(d) There are no overdue amounts outstanding as at year end.

In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

(a) The Company has not taken any loans during the year. At the year-end, the outstanding balances of such loans taken was ₹ 127 Lakhs (number of parties one) and the maximum amount involved during the year was ₹ 26700 Lakhs (number of parties two) which includes the unsecured redeemable non-convertible fully paid bonus debentures issued in the previous year to a party in accordance with the Scheme of Arrangement approved by the High Court of Andhra Pradesh in that year and redeemed in the current year.

(b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie,* not prejudicial to the interest of the Company.

(c) The payments of principal amounts and interest in respect of such loans are regular/ as per stipulations.

(v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our audit we have not observed any major weakness in such internal control system.

(vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

(a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

(b) Where each of such transaction (other than the loans mentioned in paragraph (iv) above) is in excess of ₹ 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.

(vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956.

(viii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(ix) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that, *prima facie,* the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(x) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2014 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the Amount relates	Amount involved (₹ in Lakhs)
The Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	1993-1994	4
		Commissioner of Income Tax (Appeals)	2004-2005, 2007-2008 to 2010-2011	218
West Bengal Sales Tax Act, 1994	Sales tax	Assistant Commissioner (Appeals)	2002-2003	4
		Sales Tax Appellate Tribunal	2008-2009	14
		Additional Commissioner (Appeals)	2009-2010 to 2010-2011	225
Andhra Pradesh General Sales Tax Act, 1957	Sales tax	Additional Commissioner Legal	1995-1996 to 1997-1998	27
		Sales Tax Appellate Tribunal	2000-2001 to 2003-2004 and 2005-2006	70
Uttar Pradesh Value Added Tax Act, 2008	Sales tax	Sales Tax Appellate Tribunal	2005-2006 to 2007-2008	18
		Additional Commissioner (Appeals)	2008-2009	114
Rajasthan Value Added Tax Act, 2003	Sales Tax	Deputy Commissioner (Appeals)	2010-2011	7
Electricity Supply Act, 1948	Electricity Cess	High Court of Andhra Pradesh	2003-2012	158
Central Excise Act, 1944	Excise duty	High Court of Andhra Pradesh	2003-04	241
		High Court of Gujarat	July 2009 to December 2010	363
		CESTAT	1998-2000, 2001-2002, 2002-2003, 2004-2005 to 2008-2009, March 2011 to January 2012, February 12 to September 12 and July 2012 to February 2013	5597
		Commissioner(Appeals)	2005 to 2007 and 2011-2012	55
		Department of Revenue	2009-2010	15
The Customs Act, 1962	Customs duty	CESTAT	1998-1999	11
		Commissioner of Customs(Appeals)	2009-2010	25
			2007-2008	28
			2005-2006 to 2010-2011	344
The Finance Act, 1994	Service tax	CESTAT	October 2007 to October 2011	59
		Commissioner (Appeals)	2008-2009 to 2010-2011	18

(xi) In our opinion and according to the information and explanations given to us, having regard to the rollover of buyer's credit by the banks, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.

(xii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not, *prima facie,* prejudicial to the interests of the Company.

(xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.

(xiv) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie,* not been used during the year for long-term investment.

(xv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 008072S)

Ganesh Balakrishnan
Partner

HYDERABAD, 12 May**,** 2014 (Membership No. 201193)

Balance Sheet as at 31 March 2014

(₹ in Lakhs)

	Note	As at 31 March 2014	As at 31 March 2013
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	1	2832	2831
(b) Share capital suspense	1A	26	-
(c) Reserves and surplus	2	220474	214730
		223332	**217561**
2. Non-current liabilities			
(a) Long-term borrowings	3	23132	77203
(b) Deferred tax liabilities (net)	4	18686	17979
(c) Other long-term liabilities	5	3009	3012
(d) Long-term provisions	6	1711	1640
		46538	**99834**
3. Current liabilities			
(a) Short-term borrowings	7	116174	146755
(b) Trade payables	8	257242	220265
(c) Other current liabilities	9	45488	32093
(d) Short-term provisions	10	17459	18220
		436363	**417333**
TOTAL		**706233**	**734728**
II. ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11(a)	120619	113624
(ii) Intangible assets	11(b)	492	581
(iii) Capital work-in-progress		2692	2794
		123803	**116999**
(b) Non-current investments	12	74383	87951
(c) Long-term loans and advances	13	5768	8779
		203954	**213729**
2. Current assets			
(a) Current investments	14	18	4
(b) Inventories	15	167140	126489
(c) Trade receivables	16	129414	161089
(d) Cash and bank balances	17	45703	45276
(e) Short-term loans and advances	18	158605	187417
(f) Other current assets	19	1399	724
		502279	**520999**
TOTAL		**706233**	**734728**

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: 12 May 2014

For and on behalf of the Board of Directors

Kapil Mehan
Managing Director

A. Vellayan
Chairman

S. Sankarasubramanian
Chief Financial Officer

P. Varadarajan
Company Secretary

Statement of Profit and Loss for the year ended 31 March 2014

(₹ in Lakhs)

		Note	For the year ended 31 March 2014	For the year ended 31 March 2013
I.	**Revenue**			
	Revenue from operations			
	Sales (gross)		660190	566382
	Less: Excise duty		12264	10528
	Sales (net)	37 (c)	647926	555854
	Government subsidies		285943	296205
	Other operating revenue	20	4183	3965
			938052	856024
	Other income	21	6137	6703
	Total revenue		**944189**	**862727**
II.	**Expenses**			
	Cost of materials consumed	37 (a)	594755	485869
	Purchases of stock-in-trade	37 (b)	122922	152999
	Changes in inventories of finished goods, work-in-process and stock-in-trade	22	(12395)	14720
	Employee benefits expense	23	24376	20502
	Finance costs	24	21096	17667
	Depreciation and amortisation expense	11(a)/11(b)	8203	5854
	Other expenses	25	134533	108483
	Total expenses		**893490**	**806094**
III.	**Profit before exceptional items and tax (I - II)**		**50699**	**56633**
IV.	Exceptional item	41	1261	-
V.	**Profit before tax (III - IV)**		**49438**	**56633**
VI.	Tax expense:			
	Current tax		15390	11401
	Minimum Alternate Tax (MAT) credit		-	(10401)
	Deferred tax		(437)	11234
			14953	12234
VII.	**Profit for the year (V - VI)**		**34485**	**44399**
	Earnings per equity share of ₹ 1/- each	30		
	Basic ₹		12.05	15.70
	Diluted ₹		12.03	15.65
	See accompanying notes forming part of the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: 12 May 2014

For and on behalf of the Board of Directors

Kapil Mehan
Managing Director

A. Vellayan
Chairman

S. Sankarasubramanian
Chief Financial Officer

P. Varadarajan
Company Secretary

Cash Flow Statement for the year ended 31 March 2014

(₹ in Lakhs)

	For the year ended 31 March 2014	For the year ended 31 March 2013
Cash flow from operating activities		
Profit before tax	**49438**	**56633**
Adjustments for :		
Exceptional item	1261	-
Depreciation and amortisation expense	8203	5854
Loss on sale/ scrap of fixed assets	241	224
Exchange differences (net)	9210	6818
Provision for doubtful trade receivables and other liabilities no longer required, written back	(534)	(280)
Provision for doubtful trade and other receivables, loans and advances	515	1538
Trade and other receivables written off	17	3
Provision for employee benefits	64	16
Finance costs	21096	17667
Interest income	(5503)	(5760)
Dividend income	(459)	(943)
Operating profit before working capital changes	**83549**	**81770**
Changes in working capital:		
Trade payables	39491	15732
Other current liabilities	(2889)	(435)
Other long-term liabilities	(18)	(387)
Trade receivables	37987	(73928)
Inventories	(28660)	59072
Long-term loans and advances	(42)	(3168)
Short-term loans and advances	25279	32659
Balances in margin money/ deposit accounts	859	-
Cash generated from operations	**155556**	**111315**
Direct taxes paid (net of refunds)	(10379)	(11471)
Net cash flow from operating activities (A)	**145177**	**99844**
Cash flows from investing activities		
Purchase of fixed assets, including capital work-in-progress and capital advances	(8288)	(21144)
Proceeds from sale of fixed assets	54	37
Investment in subsidiaries	(3994)	(22835)
Amount transferred to Escrow accounts (Refer Note 26)	-	(11301)
Purchase of non-current investments*	(7638)	(72)
Acquisition of business undertaking (Refer Note 27)	(1163)	-
Inter-corporate deposits/ loans given	(75255)	(106000)
Inter-corporate deposits matured/ loans received	87662	94482
Purchase of current investments - mutual fund units	(269000)	(537400)
Proceeds from sale of current investments - mutual fund units	269000	537400
Interest received	5339	6535
Dividend received from current and non-current investments	459	943
Net cash used in investing activities (B)	**(2824)**	**(59355)**
*net of ₹3493 lakhs realised		

Cash Flow Statement (Contd.)

(₹ in Lakhs)

	For the year ended 31 March 2014	For the year ended 31 March 2013
Cash flow from financing activities		
Proceeds from issue of equity shares on exercise of employee stock options	57	259
Redemption of preference shares	(500)	-
Proceeds from long-term borrowings	-	10560
Redemption of bonus debentures (Refer Note 43)	(42423)	-
Repayment of long-term borrowings	(3724)	(4656)
Increase/ (decrease) in short-term borrowings	(50748)	(71037)
Dividend paid including tax thereon	(15111)	(16742)
Interest and other borrowing costs paid	(23563)	(16780)
Net cash used in financing activities (C)	**(136012)**	**(98396)**
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	6341	(57907)
Cash and cash equivalents at the beginning of the year	32753	90660
Add: Cash and cash equivalents acquired on Amalgamation (Refer Note 26)*	503	-
Cash and cash equivalents at the end of the year	**39597**	**32753**
* excluding balances in earmarked accounts ₹ 2452 lakhs taken over		
Notes:		
1. Cash Flow Statement has been prepared under the Indirect method as set out in the Accounting Standard 3 on Cash Flow Statements. Cash and cash equivalents in the Cash Flow Statement comprise cash at bank and in hand, demand deposits and cash equivalents which are short-term and held for the purpose of meeting short-term cash committments.		
2. Reconciliation of Cash and cash equivalents at the end of the year with Cash and bank balances as per Note 17:		
Cash and bank balances as per Note 17	45703	45276
Less: Balances in earmarked accounts		
- Dividend accounts	1388	1218
- Bonus debenture redemption and interest accounts	896	-
- Escrow account (Refer Note 26)	2225	11301
- Margin money/ deposit accounts	1597	4
Cash and cash equivalents at the end of the year	**39597**	**32753**

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: 12 May 2014

For and on behalf of the Board of Directors

Kapil Mehan
Managing Director

A. Vellayan
Chairman

S. Sankarasubramanian
Chief Financial Officer

P. Varadarajan
Company Secretary

Note 1: Share capital	As at 31 March 2014	As at 31 March 2013
	(₹ in Lakhs)	
Authorised		
35,00,00,000 (2013: 35,00,00,000) equity shares of ₹ 1/- each	3500	3500
50,00,000 Cumulative redeemable preference shares of ₹ 10/- each	500	-
Total	**4000**	**3500**
Issued, subscribed and fully paid up		
28,31,81,822 (2013: 28,30,57,818) equity shares of ₹ 1/- each	**2832**	**2831**

Notes:

(i) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year:

(a) Equity shares:

	Year ended 31 March 2014		Year ended 31 March 2013	
	Number	₹ in lakhs	Number	₹ in lakhs
Per last Balance Sheet	283057818	2831	282569542	2826
Add: Equity shares allotted pursuant to exercise of stock options	124004	1	488276	5
Balance at the end of the year	283181822	2832	283057818	2831

(b) Preference shares:

	Year ended 31 March 2014		Year ended 31 March 2013	
	Number	₹ in lakhs	Number	₹ in lakhs
Per last Balance Sheet	-	-	-	-
Add: On Amalgamation (Refer Note 26)	5000000	500	-	-
Less: Redeemed during the year (Refer Note 26)	5000000	500	-	-
Balance at the end of the year	-	-	-	-

(ii) Rights, preferences and restrictions relating to each class of share capital:

Equity shares: The Company has one class of equity shares having a face value of ₹ 1/- each. Each shareholder is eligible for one vote per share held. The dividend 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.

Cumulative redeemable preference shares: The Company has a class of cumulative redeemable preference shares having face value of ₹10/- each with such rights, privileges and conditions respectively attached thereto as may be from time to time confirmed by the regulations of the Company. Pursuant to the Scheme of Amalgamation (Refer Note 26) the cumulative redeemable preference shares carry cumulative dividend of 8% per annum in relation to capital paid upon them and are on original terms and conditions in which they were issued by erstwhile Liberty Phosphate Limited, the amalgamating company.

(iii) As at 31 March 2014, E.I.D Parry (India) Limited (Holding Company) held 17,71,55,580 (2013: 17,71,55,580) equity shares of ₹ 1/- each fully paid-up representing 62.56% (2013: 62.59%) of the paid-up capital. There are no other shareholders holding more than 5% of the issued capital.

(iv) As at 31 March 2014, shares reserved for issue under the 'ESOP 2007' scheme is 93,98,050 (2013: 95,22,054) equity shares of ₹ 1/- each (refer Note 29).

(v) Details of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceeding the reporting date:

1,20,37,182 equity shares of ₹ 2/- each fully paid up were allotted to the shareholders of Godavari Fertilisers and Chemicals Limited in the ratio of 3 shares of the Company for every 2 shares of Godavari Fertilisers and Chemicals Limited pursuant to the Scheme of Amalgamation between Godavari Fertilisers and Chemicals Limited and the Company during the year ended 31 March 2008.

Note 1A: Share capital suspense	As at 31 March 2014	As at 31 March 2013
	(₹ in Lakhs)	
25,74,193 equity shares of ₹ 1/- each fully paid-up to be issued to the members of erstwhile Liberty Phosphate Limited (LPL) pursuant to the Amalgamation of LPL with the Company (Refer Note 26)	**26**	**-**

Notes *(Contd.)*

(₹ in Lakhs)

Note 2: Reserves and surplus	As at 31 March 2014	As at 31 March 2013
(i) Capital reserve (on Amalgamation)		
Per last Balance Sheet	13565	13565
Less: Utilised during the year (Refer Note 26)	13565	-
	-	**13565**
(ii) Capital reserve		
Per last Balance Sheet	**19**	**19**
(iii) Capital redemption reserve		
Per last Balance Sheet	486	486
Add: Transfer from general reserve (Refer Note 26)	500	-
	986	**486**
(iv) Securities premium account		
Per last Balance Sheet	7549	7295
Add: On amalgamation (Refer Note 26)	1255	-
Received on exercise of employee stock options	56	254
	8860	**7549**
(v) Debenture redemption reserve		
Per last Balance Sheet	2553	-
Created during the year	-	2553
Less: Transferred to surplus in Statement of Profit and Loss (Refer Note 43)	2553	-
	-	**2553**
(vi) Central subsidy		
Per last Balance Sheet	**11**	**11**
(vii) General reserve		
Per last Balance Sheet	140496	164801
Add: Transferred from surplus in Statement of Profit and Loss	25000	25000
Less: Utilised during the year for:		
Adjusted on amalgamation (net) (Refer Note 26)	18437	-
Transfer to capital redemption reserve (Refer Note 26)	500	-
Issue of fully paid bonus debentures of ₹ 15/- each (Refer Note 43)	-	42423
Dividend distribution tax on issue of bonus debentures (Refer Note 43)	-	6882
	146559	**140496**
(viii) Surplus in Statement of Profit and Loss		
Per last Balance Sheet	50066	48131
Add: Profit for the year	34485	44399
On amalgamation (Refer Note 26)	17039	-
Transferred from debenture redemption reserve (Refer Note 43)	2553	-
Less: Transferred to debenture redemption reserve (Refer Note 43)	-	2553
Transferred to general reserve	25000	25000
Interim dividend (2013: includes ₹ 7 lakhs on final dividend for 2011-2012)	-	7
Dividend on preference shares	38	-
Proposed final dividend	12859	12738
Dividend distribution tax (2013: includes ₹ 1 lakh on final dividend for 2011-2012)	2192	2166
	64054	**50066**
(i)+(ii)+(iii)+(iv)+(v)+(vi)+(vii)+(viii)	**220489**	**214745**
Less: Amalgamation adjustment account	**(15)**	**(15)**
	220474	**214730**

(₹ in Lakhs)

Note 3: Long-term borrowings	As at 31 March 2014	As at 31 March 2013
Secured		
Term Loans		
Banks	23005	34780
Unsecured		
9% Unsecured redeemable non-convertible fully paid bonus debentures of ₹ 15/- each	-	42423
Loan from a related party - subsidiary (Refer Note 38)	127	-
	23132	**77203**

Notes:

The term loans from banks comprise of External Commercial Borrowings (ECB) secured by Paripassu charge on fixed assets of Visakhapatnam and Kakinada plants and rupee loans secured by way of first charge on certain movable and immovable SSP plant's related assets of the Company. The ECB's carry interest rates with spread ranging 170 bps to 215 bps over 3 months LIBOR and are repayable over the next four years and have been fully hedged for exchange and interest rates. Long-term rupee loans carry interest of 2.85% above base rate and are repayable over next two years.

9% Unsecured redeemable non-convertible fully paid bonus debentures have been prepaid and redeemed at par during the year. (Refer Note 43)

Note 4: Deferred tax liabilities (net)

Deferred tax liability:		
On account of depreciation	21345	21038
Deferred tax asset:		
On employees separation and retirement costs	681	668
On provision for doubtful trade and other receivables, loans and advances	950	782
On statutory dues allowable on payment basis	422	372
Other timing differences	606	1237
	2659	3059
Deferred tax liabilities (net)	**18686**	**17979**

Note 5 : Other long-term liabilities

Security deposits	3009	3012
	3009	**3012**

Note 6: Long-term provisions

Gratuity	197	248
Compensated absences	1061	930
Other employee benefits	453	462
	1711	**1640**

Note 7: Short-term borrowings

Loans repayable on demand from banks		
Secured	55908	7677
Unsecured	51930	139078
Short-term loans from banks		
Unsecured	8336	-
	116174	**146755**

Notes:

(i) Secured short-term borrowings comprises working capital demand loans, buyers credit denominated in foreign currency and cash credit balances secured by a pari-passu charge of stock of raw materials, work-in-process, finished goods, stores and spare parts and book debts including subsidy receivables of the Company. Further, certain short-term borrowings are secured by first pari-passu charge on certain movable and immovable assets of the Company; certain cash credit and working capital demand loans are further secured by way of second pari-passu charge on certain movable fixed assets of the Company. Charge is yet to be created by the Company in respect of short term borrowing availed from SBI led consortium amounting ₹ 667 lakhs against Company's subsidy receivables.

(ii) Unsecured loans repayable on demand comprises buyers credit denominated in foreign currency loans and rupee loans availed from banks.

Notes *(Contd.)*

(₹ in Lakhs)

Note 8: Trade payables (Refer Note 53a for details of dues to micro and small enterprises)	**As at 31 March 2014**	**As at 31 March 2013**
Acceptances	122909	136740
Other than acceptances	134333	83525
	257242	**220265**

Note 9: Other current liabilities

Current maturities of long-term debt (Refer Note (i) below)	12462	3066
Interest accrued but not due on borrowings	691	3232
Interest accrued but not due on others	1943	608
Advances from customers	2477	2301
Unclaimed dividends (Refer Note (iii) below)	1388	1218
Unclaimed bonus debentures and interest (Refer Note (iii) below)	852	-
Security and trade deposits received	8562	7992
Payables on purchase of fixed assets	1623	4145
Other liabilities (including statutory remittances) (Refer Note (ii) below)	15490	9531
	45488	**32093**

Notes:

(i) Refer Note 3 - Long-term borrowings for details of security.

(ii) Other liabilities also include indemnity amounts aggregating ₹ 2225 lakhs (2013: ₹ 2254 lakhs) held back in accordance with the share purchase agreements in respect of acquisitions (Refer Note 26) and other amounts payable on contractual terms ₹ 10199 lakhs (2013: ₹ 1270 lakhs).

(iii) There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

Note 10: Short-term provisions

Employee benefits	481	360
Current tax (net of advance tax)	1889	2957
Proposed dividend on equity shares	12859	12738
Proposed dividend on cumulative redeemable preference shares	38	-
Tax on proposed dividend	2192	2165
	17459	**18220**

Notes *(Contd.)*

Note 11(a): Tangible assets **(₹ in Lakhs)**

Description	COST or VALUATION					DEPRECIATION / AMORTISATION					NET BOOK VALUE	
	As at 1 April 2013	Amalgamation (Refer Note c below)	Additions	Deductions/ Adjustments	As at 31 March 2014	Upto 1 April 2013	Amalgamation (Refer Note c below)	For the year	On Deductions/ Adjust-ments	Upto 31 March 2014	As at 31 March 2014	As at 31 March 2013
Land												
- Freehold	25978	380	320	-	26678	-	-	-	-	-	26678	25978
- Leasehold	1297	1384	-	-	2681	214	31	25	-	270	2411	1083
Buildings	14136	3332	1179	8	18639	2730	524	487	4	3737	14902	11406
Roads	1465	-	196	-	1661	243	-	27	-	270	1391	1222
Railway siding	2540	-	93	7	2626	392	-	114	7	499	2127	2148
Plant and equipment												
- Research and development	741	-	111	-	852	155	-	91	-	246	606	586
- Others	121472	4600	5024	1070	130026	53115	1489	6270	831	60043	69983	68357
Office equipment												
- Research and development	7	-	-	-	7	6	-	-	-	6	1	1
- Others	3422	150	344	79	3837	2329	104	467	71	2829	1008	1093
Furniture and fixtures												
- Research and development	26	-	-	-	26	8	-	3	-	11	15	18
- Others	3152	85	100	30	3307	2113	55	374	28	2514	793	1039
Vehicles	1811	160	254	184	2041	1118	105	256	142	1337	704	693
Total	**176047**	**10091**	**7621**	**1378**	**192381**	**62423**	**2308**	**8114**	**1083**	**71762**	**120619**	**113624**
Previous year	**139062**	**-**	**39610**	**2625**	**176047**	**59022**	**-**	**5765**	**2364**	**62423**	**113624**	
Capital work-in-progress (including ₹653 lakhs taken over on amalgamation. Refer Note 26)											2692	2794

Notes:

a. Additions to fixed assets include borrowing costs capitalised. Refer Note 35

b. Lease deed in respect of land admeasuring 9.80 acres taken on lease from Visakhapatnam Port Trust by the erstwhile Godavari Fertilisers and Chemicals Limited is pending execution.

c. Taken over pursuant to the Scheme of Amalgamation of Liberty Phosphate Limited and Liberty Urvarak Limited with the Company. Refer Note 26. Immovable properties taken over pursuant to the Scheme are to be registered in the name of the Company.

d. Additions to fixed assets include assets taken over pursuant to acquisition of business undertaking of Tungabhadra Fertilisers and Chemicals Company Limited on slump sale basis. Refer Note 27

Note 11(b): Intangible assets (₹ in Lakhs)

Description	COST or VALUATION					DEPRECIATION / AMORTISATION					NET BOOK VALUE	
	As at 1 April 2013	Amalgamation (Refer Note c below)	Additions	Deductions/ Adjustments	As at 31 March 2014	Upto 1 April 2013	Amalgamation (Refer Note c below)	For the year	On Deductions/ Adjust-ments	Upto 31 March 2014	As at 31 March 2014	As at 31 March 2013
Technical know-how	725	-	-	-	725	144	-	89	-	233	492	581
Total	**725**	**-**	**-**	**-**	**725**	**144**	**-**	**89**	**-**	**233**	**492**	**581**
Previous year	**725**	**-**	**-**	**-**	**725**	**55**	**-**	**89**	**-**	**144**	**581**	
Depreciation and amortisation expense for the year								**8203**				
Previous year								*5854*				

Notes *(Contd.)*

Previous year: 2012-13

Note 11(a): Tangible assets

(₹ in Lakhs)

Description	COST or VALUATION				DEPRECIATION / AMORTISATION				NET BOOK VALUE	
	As at 1 April 2012	Additions	Deductions/ Adjustments	As at 31 March 2013	Upto 1 April 2012	For the year	On Deductions/ Adjust-ments	Upto 31 March 2013	As at 31 March 2013	As at 31 March 2012
Land										
- Freehold	25978	-	-	25978	-	-	-	-	25978	25978
- Leasehold	1297	-	-	1297	195	19	-	214	1083	1102
Buildings	11001	3143	8	14136	2410	322	2	2730	11406	8591
Roads	860	606	1	1465	226	17	-	243	1222	634
Railway siding	724	1821	5	2540	361	36	5	392	2148	363
Plant and equipment										
- Research and development	599	142	-	741	108	47	-	155	586	491
- Others	90913	32967	2408	121472	51086	4212	2183	53115	68357	39827
Office equipment										
- Research and development	7	-	-	7	5	1	-	6	1	2
- Others	3148	396	122	3422	2083	357	111	2329	1093	1065
Furniture and fixtures										
- Research and development	26	-	-	26	5	3	-	8	18	21
- Others	2816	352	16	3152	1634	494	15	2113	1039	1182
Vehicles	1693	183	65	1811	909	257	48	1118	693	784
Total	**139062**	**39610**	**2625**	**176047**	**59022**	**5765**	**2364**	**62423**	**113624**	**80040**
Capital work-in-progress									2794	13313

Note 11(b): **Intangible assets**

Description	COST or VALUATION				DEPRECIATION / AMORTISATION				NET BOOK VALUE	
	As at 1 April 2012	Additions	Deductions/ Adjustments	As at 31 March 2013	Upto 1 April 2012	For the year	On Deductions/ Adjust-ments	Upto 31 March 2013	As at 31 March 2013	As at 31 March 2012
Technical know-how	725	-	-	725	55	89	-	144	581	670
Total	**725**	**-**	**-**	**725**	**55**	**89**	**-**	**144**	**581**	**670**
Depreciation and amortisation expense for the year 2012-13						**5854**				

Notes *(Contd.)*

Note 12: Non-current investments (At cost unless otherwise stated)	As at 31 March 2014	(₹ in Lakhs) As at 31 March 2013
I. Trade		
A. Subsidiaries - Quoted		
Sabero Organics Gujarat Limited	40715	40051
2,53,56,361 (2013: 2,47,98,112) Equity shares of ₹10 each, fully paid-up		
Liberty Phosphate Limited	-	17090
Nil (2013: 70,19,406) Equity shares of ₹10 each, fully paid-up (Refer Note 26)		
	40715	**57141**
B. Subsidiaries - Unquoted		
Liberty Urvarak Limited	-	7910
Nil (2013: 29,97,552) Equity shares of ₹10 each, fully paid-up (Refer Note 26)		
Liberty Pesticides and Fertilisers Limited	113	-
7,50,000 Equity shares of ₹10 each, fully paid-up (Refer Note 26)		
Parry Chemicals Limited	1000	1000
1,00,00,000 (2013: 1,00,00,000) Equity shares of ₹10/- each, fully paid-up		
CFL Mauritius Limited	10281	7774
2,20,25,000 (2013: 1,80,25,000) Ordinary shares of USD 1 each, fully paid-up		
Dare Investments Limited	500	-
50,00,000 Equity shares of ₹10/- each, fully paid-up		
Coromandel Brasil Limitada , Limited Liability Partnership	466	466
18,315 (2013: 18,315) Quotas of Brazilian Real 100 each, fully paid-up		
	12360	**17150**
C. Joint venture companies - Unquoted		
Coromandel Getax Phosphates Pte Limited	219	219
5,00,000 (2013: 5,00,000) Ordinary shares of USD 1 each, fully paid-up		
Coromandel SQM (India) Private Limited	500	500
50,00,000 (2013: 50,00,000) Ordinary shares of ₹10 each, fully paid-up		
Tunisian Indian Fertilisers S.A.	-	11862
(2013: 33,75,000) Ordinary shares of Tunisian Dinars (TND) 10 each, fully paid up [Refer Note (i) below]		
	719	**12581**
D. Others - Quoted		
Rama Phosphate Limited		
13,719 equity shares of ₹10 each, fully paid-up (Refer Note 26)	10	-
E. Others - Unquoted		
Tunisian Indian Fertilisers S.A.	11862	-
33,75,000 Ordinary shares of Tunisian Dinars (TND) 10 each, fully paid up [Refer Note (i) below]		
Nandesari Environment Control Limited	*	-
400 equity shares of ₹10 each, fully paid-up (Refer Note 26)		
Prathyusha Chemicals and Fertilisers Limited		
10,01,000 (2013: 10,01,000) Equity shares of ₹10/- each, fully paid-up	143	143
Less: Provision for diminution in value [Refer Note (ii) below]	141	141
	2	2

Notes *(Contd.)*

(₹ in Lakhs)

Note 12: Non-current investments (Contd.) (At cost unless otherwise stated)	**As at 31 March 2014**	**As at 31 March 2013**
Indian Potash Limited	5	5
90,000 (2013: 90,000) Equity shares of ₹10/- each, fully paid-up		
Foskor (Pty) Limited	23	23
1,99,590 (2013: 1,99,590) Ordinary shares of South African Rand 1 each, fully paid-up		
Murugappa Management Services Limited	73	73
16,139 (2013: 16,139) Equity shares of ₹100/- each, fully paid up		
Bharuch Enviro Infrastructure Limited	2	2
16,100 (2013: 16,100) Equity shares of ₹10/- each, fully paid-up		
Bharuch Eco Aqua Infrastructure Limited	28	28
2,75,000 (2013: 2,75,000) Equity shares of ₹10/- each, fully paid-up		
A.P.Gas Power Corporation Limited	8300	754
53,92,160 (2013: 13,40,000) Equity shares of ₹10 each, fully paid-up		
	20295	**887**
Total Trade (A+B+C+D+E)	**74099**	**87759**
II. Other investments - Unquoted		
Faering Capital India Evolving Fund	284	192
28,427 (2013: 19,225) units of ₹1,000/- each, fully paid-up		
Total Non-current investments (I+II)	**74383**	**87951**

* less than a lakh

Notes:

(i) The Ordinary shares of Tunisian Indian Fertilisers S.A., Tunisia (TIFERT) held by the Company have been pledged to secure the obligations of TIFERT to their lenders. Further, refer Note 52(a).

(ii) Aggregate amount of provision made for other than temporary diminution ₹141 lakhs (2013: ₹141 lakhs).

(iii) Aggregate market value of listed and quoted investments and carrying cost thereof is ₹31573 lakhs (2013: ₹34412 lakhs) and ₹40725 lakhs (2013: ₹57141 lakhs) respectively.

(iv) Aggregate carrying cost of unquoted investments is ₹33658 lakhs (2013: ₹30810 lakhs).

Note 13: Long-term loans and advances
(Unsecured and considered good)

Capital advances	229	329
Minimum Alternate Tax (MAT) credit	-	3181
Deposits	2752	2557
Loans and advances to related parties* (Refer Note 38)	-	2551
Others*	2787	161
	5768	**8779**

* includes loan amounting ₹2551 lakhs to TIFERT which is compulsorily convertible to equity shares at the end of three years from November 2012, reclassified under 'others' in the current year. Refer Note 52(a).

Notes *(Contd.)*

(₹ in Lakhs)

Note 14: Current investments (At lower of cost and fair value)	As at 31 March 2014	As at 31 March 2013
Quoted		
Ashnoor Textile Mills Limited	*	*
238 (2013: 238) Equity shares of ₹10/- each, fully paid-up		
I G Petrochemicals Limited	4	4
13,000 (2013: 13,000) Equity shares of ₹10/- each, fully paid-up		
Canara Robecco Gold Saving Fund	14	-
1,49,284.652 units of ₹10/- each		
Unquoted		
UTI Master Shares	*	*
1,000 (2013: 1,000) Shares of ₹10/- each, fully paid-up		
	18	**4**

Notes:

* less than a lakh

- Aggregate market value and carrying cost of quoted investments is ₹ 18 lakhs (2013: ₹ 4 lakhs) and ₹ 18 lakhs (2013: ₹ 4 lakhs) respectively

Note 15: Inventories

Raw materials**	54943	44923
Raw materials in-transit**	18704	7087
Work-in-process**	1503	935
Finished goods**	59613	41329
Stock-in-trade**	25887	25824
Packing materials*	2502	2760
Stores and spare parts*	3988	3631
	167140	**126489**

*At cost or under

**At cost or net realisable value, whichever is lower

Note 16: Trade receivables

(Considered good, unless otherwise stated)

Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured	1555	696
Unsecured	24941	3913
Unsecured, considered doubtful	2798	2302
	29294	6911
Less: Provision for doubtful trade receivables	2798	2302
(A)	26496	4609
Other trade receivables		
Secured	4379	4688
Unsecured	98539	151792
(B)	102918	156480
(A+B)	**129414**	**161089**

Notes *(Contd.)*

(₹ in Lakhs)

Note 17: Cash and bank balances	**As at 31 March 2014**	**As at 31 March 2013**
Cash and cash equivalents		
Cash on hand	164	33
Balances with banks:		
On Current accounts	20933	16720
On Deposit accounts	18500	16000
	39597	32753
Other bank balances		
In earmarked accounts:		
Dividend accounts	1388	1218
Bonus debenture redemption and interest accounts	896	-
Escrow accounts [Refer note (ii) below]	2225	11301
Margin money/ deposit accounts [Refer note (iii) below]	1597	4
	6106	**12523**
	45703	**45276**

Notes:

(i) Cash and cash equivalents as above meet the definition of cash and cash equivalents as per AS 3 'Cash Flow Statements'.

(ii) Represents ₹Nil (2013: ₹9047 lakhs) in escrow account for open offer of the Company made to the shareholders of erstwhile Liberty Phosphate Limited (LPL) and indemnity amounts aggregating ₹2225 lakhs (2013: ₹2254 lakhs) held back in accordance with the share purchase agreements in respect of acquisitions (Refer Note 26).

(iii) Margin money/ deposit accounts includes ₹113 lakhs (2013: ₹Nil) deposits which have a original maturity of more than 12 months and ₹63 lakhs (2013: ₹Nil) given as first pari-passu charge to consortium member banks against working capital facility.

Note 18: Short-term loans and advances
(Unsecured and considered good unless otherwise stated)

Advances recoverable in cash or in kind or for value to be received		
Considered good	12595	10933
Considered doubtful	25	6
	12620	10939
Less: Provision for doubtful advances	25	6
	12595	10933
Government subsidies receivable	111225	126374
Loans and advances to related parties (Refer Note 38)	524	2916
Minimum Alternate Tax (MAT) credit	4335	7220
Inter-corporate deposits	28500	38500
Others	1426	1474
	158605	**187417**

Note 19: Other current assets

6.20% Fertiliser Companies' Government of India Special Bonds 2022	*	*
10,000 (2013: 10,000) bonds of ₹100/- each		
6.65% Fertiliser Companies' Government of India Special Bonds 2023	*	*
5,000 (2013: 5,000) bonds of ₹100/- each		
Interest accrued but not due on deposits, loans, others	1399	724
	1399	**724**

*less than a lakh

Notes *(Contd.)*

(₹ in Lakhs)

Note 20: Other operating revenue	For the year ended 31 March 2014	For the year ended 31 March 2013
Service income	190	338
DEPB income/ excise benefits	1354	1240
Provision for doubtful trade receivables and other liabilities no longer required, written back	534	280
Others	2105	2107
	4183	**3965**

Note 21: Other income		
Interest on loans/ deposits etc.	5503	5760
Dividend income		
from current investments	457	889
from non-current investments [includes ₹Nil (2013: ₹Nil) from subsidiary]	2	54
Others	175	-
	6137	**6703**

Note 22: Changes in inventories of finished goods, work-in-process and stock-in-trade		
As at 1 April		
Work-in-process	935	1986
Finished goods	41329	46426
Stock-in-trade	25824	34396
	68088	82808
Add: On amalgamation (Refer Note 26)	6357	-
Add: On acquisition of business undertaking (Refer Note 27)	163	-
Less: As at 31 March		
Work-in-process	1503	935
Finished goods	59613	41329
Stock-in-trade	25887	25824
	87003	68088
	(12395)	**14720**

Note 23: Employee benefits expense		
Salaries, wages and bonus	20389	16982
Contribution to provident and other funds	1798	1411
Staff welfare expenses	2189	2109
	24376	**20502**

Note 24: Finance costs		
Interest expense	20621	17364
Other borrowing costs and bank charges	475	303
	21096	**17667**

Notes *(Contd.)*

(₹ in Lakhs)

Note 25: Other expenses	**For the year ended 31 March 2014**	**For the year ended 31 March 2013**
Consumption of stores and spare parts	5759	4884
Power, fuel and water	13983	10718
Rent	1960	1622
Repairs to:		
Buildings	209	104
Machinery	2177	2009
Others	1056	1537
Insurance	426	409
Rates and taxes	1089	684
Increase/ (decrease) in excise duty on finished goods inventory	389	(181)
Freight and distribution	59513	47756
Exchange differences (net)	24513	20517
Loss on sale/scrap of fixed assets (net)	241	224
Provision for doubtful trade and other receivables, loans and advances	515	1538
Trade and other receivables written off	17	3
Miscellaneous expenses	22686	16659
	134533	**108483**

26. Acquisition and Amalgamation of Liberty Phosphate Limited and Liberty Urvarak Limited

(i) Acquisition

During the previous year, consequent to the share purchase agreement entered into by the Company with the erstwhile promoters of Liberty Phosphate Limited (LPL), the Company on 7 March 2013 acquired 70,19,406 equity shares (representing 48.62%) from the erstwhile promoters of LPL at a price of ₹241/- per share. Effective 7 March 2013, the Board of Directors of LPL was reconstituted and LPL became a subsidiary of the Company. Further, in accordance with the share purchase agreement entered into during the previous year by the Company with the shareholders of Liberty Urvarak Limited (LUL), the Company acquired 29,97,552 (100%) equity shares of LUL for a consideration of ₹7800 lakhs thereby making LUL a wholly owned subsidiary of the Company. LUL held 5% of the voting share capital of LPL.

On receipt of necessary approvals from SEBI and in accordance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the Company has during the current year, acquired 37,53,933 equity shares (26% of the equity share capital) of LPL at a price of ₹241/- per share in the Open offer made to the public shareholders of LPL. With this acquisition, the Company held 1,14,96,267 equity shares representing 79.62% of the equity share capital of LPL, including 7,22,928 shares (5%) held by Liberty Urvarak Ltd., a wholly owned subsidiary of the Company.

(ii) Amalgamation

LPL and LUL are engaged in the business of manufacture and sale of fertilisers predominantly, Single Super Phosphate (SSP).

During the year, the Board of Directors of the Company, LPL and LUL in their respective meetings held on 28 September 2013 approved a Scheme of Amalgamation under Sections 391 and 394 of the Companies Act, 1956 ('the Scheme') for amalgamation of LPL and LUL with the Company. Pursuant to the Scheme sanctioned by the Hon'ble High Court of Judicature of Andhra Pradesh ('AP') vide its order dated 7 April 2014 and by the Hon'ble High Court of Judicature of Gujarat vide its order dated 24 April 2014, the entire business undertaking of LPL and LUL including all assets and properties, debts, liabilities and duties and obligations have been transferred to and vested in the Company, retrospectively with effect from 1 April 2013 (the Appointed Date as per the Scheme). The certified copies of the aforesaid High Court Orders have been filed with the respective Registrar of Companies and the Scheme has been given effect to in these financial statements.

In terms of the Scheme, on the record date to be fixed, the Company is required to allot 25,74,193 equity shares of ₹1 each as fully paid up to the public shareholders of LPL in the proportion of 7 equity shares of ₹1 each in the Company for every 8 equity shares of ₹10 each held in LPL. LUL being a wholly-owned subsidiary of the Company, no equity shares will be issued. The equity shares held by the Company in LPL totaling 1,14,96,267 and LUL totaling 29,97,552 shall accordingly get extinguished and annulled.

Further, in terms of the Scheme, the Company was required to allot 8% Cumulative Redeemable Preference Shares ('CRPS') of ₹10/- each to every preference shareholder of LPL in proportion of 1 preference share of ₹10/- each of the Company for every 1 preference share of ₹10/- each in LPL and on sanction of the Scheme, the

Authorised share capital of the Company automatically stands increased. The Board of Directors of LPL in their meeting held on 21 January 2014 decided for early redemption of CRPS as per its terms.

The amalgamation has been accounted under the 'Pooling of interests method' as prescribed under Accounting Standard 14 'Accounting for Amalgamations' (AS 14). Accordingly, the assets, liabilities and reserves of LPL and LUL as at 1 April 2013 have been taken over at their book values (after making adjustments for adoption of uniform accounting policies) and in the same form.

Details of the summarized values of assets and liabilities of LPL and LUL as acquired pursuant to the Scheme and the treatment of the difference between the net assets acquired and cost of investments of the Company together with the shares issued to the shareholders of LPL are as under:

(Amount in ₹ lakhs)

	Appointed date 1 April 2013
Fixed assets (net)	8436
Other non-current assets	917
Cash and bank balances	2955
Inventories	11828
Other current assets	19106
Total assets	**43242**
Deferred tax liabilities (net)	1144
Other non-current liabilities	1030
Current liabilities	19718
Total liabilities	**21892**
Net assets acquired	**21350**
Less: Equity share capital to be issued (Refer Note 1A)	26
Less: Preference shares*	500
Less: Value of investments held by Company**	34532
Balance adjusted against reserves	**(13708)**

*During the year, LPL has redeemed the preference shares at par and accordingly an amount of ₹500 lakhs has been transferred to the Capital redemption reserve

**Including shares acquired during the current year in the Open offer made to the public shareholders of LPL and adjusted for dividend paid by LPL

Details of amount adjusted against reserves:

	Amount in ₹ lakhs
Capital reserve (on amalgamation)	(13565)
General reserve (net of ₹813 lakhs taken over)	(18437)
Securities premium account (taken over)	1255
Statement of Profit and Loss (taken over)	17039
	(13708)

In view of the aforesaid amalgamation with effect from 1 April 2013, the figures of the current year are not strictly comparable with those of the previous year.

27. Acquisition of business undertaking of Tungabhadra Fertilisers and Chemicals Company Limited on slump sale basis

During the year, the Company entered into a Business Transfer Agreement ('BTA') and acquired the Business undertaking of M/s. Tungabhadra Fertilisers and Chemicals Company Limited (TFCCL), as a going concern on a slump sale basis for a consideration of ₹1163 lakhs.

Notes *(Contd.)*

28. Merger of Sabero Organics Gujarat Limited ("Sabero")

The Board of Directors of the Company and its subsidiary, Sabero Organics Gujarat Limited ("Sabero"), in their meetings held on 24 January 2014 approved a Scheme of Amalgamation under Sections 391 and 394 of the Companies Act, 1956 ('the Scheme') for amalgamation of Sabero with the Company subject to the approvals of the stock exchanges, the respective shareholders and creditors, the concerned High Courts and other regulators. The Company has received their no-objection to the Scheme from the stock exchanges and has filed application before the concerned High Courts for convening the shareholders and creditors meetings.

As per the Scheme, the Appointed/ Transfer date for amalgamation is 1 April 2014 and on the Record Date to be fixed after receipt of all approvals, the public shareholders of Sabero shall be issued 5 equity shares of ₹ 1 each in the Company for every 8 equity shares of ₹10 each held in Sabero. The shares held by the Company in Sabero shall accordingly get extinguished.

29. Employee Stock Option Plan – ESOP 2007

a) Pursuant to the decision of the shareholders, at their meeting held on 24 July 2007, the Company had established an 'Employee Stock Option Scheme 2007' ('ESOP 2007' or 'the Scheme') to be administered by the Remuneration and Nomination Committee of the Board of Directors.

b) Under the Scheme, options not exceeding 1,27,85,976 equity shares of ₹1/- each have been reserved to be issued to the eligible employees, with each option conferring a right upon the employee to apply for one equity share. The options granted under the Scheme would vest not less than one year and not more than five years from the date of grant of the options. The options granted to the employees would be capable of being exercised within a period of three years from the date of vesting. In partial modification of the special resolution passed establishing ESOP 2007, the shareholders decided in their meeting held on 23 July 2012 to approve the extending of the exercise period of options granted under the ESOP 2007 from three years to six years.

c) The exercise price of the option is equal to the latest available closing market price of the shares on the stock exchange where there is highest trading volume as on the date prior to the date of the Remuneration and Nomination Committee resolution approving the grant.

d) Pursuant to the Scheme, the Company granted options which vest over a period of four years commencing from the respective dates of grant. The exercise price being equal to the closing market price prevailing on the date prior to the date of grant, there is no deferred compensation cost to be accrued in this regard.

e) The following are the number of options outstanding during the year:

	For the year ended 31 March 2014		For the year ended 31 March 2013	
	No. of Options	Weighted average exercise price (₹)	No. of Options	Weighted average exercise price (₹)
At the beginning of the year	27,01,440	228.12	33,01,780	200.55
Granted	-	-	-	-
Exercised	124,004	45.91	488,276	53.08
Cancelled	176,260	294.98	106,024	185.34
Lapsed	-	-	6,040	59.95
At the end of the year	24,01,176	232.62	27,01,440	228.12

f) The above outstanding options have been granted in various tranches, at exercise price being equal to the closing market price prevailing on the date prior to the date of grant. The outstanding options have a weighted average remaining life of 1.55 years (2013: 2.24 years).

g) Number of options exercisable at the end of the year 18,09,036 (2013: 15,20,110).

h) In accordance with the requirements of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on "Accounting for Employee Share Based Payments" issued by the ICAI, had the compensation cost for the employee stock option plan been recognised based on the fair value at the date of grant in accordance with the Black Scholes' model, the proforma amounts of the Company's Net Profit and Earnings Per Share would have been as follows:

	For the year ended 31 March 2014	For the year ended 31 March 2013
Profit after tax as reported (₹ in lakhs)	34485	44399
Less: Dividend on cumulative redeemable preference shares (including dividend tax)	45	-
Amount available to equity shareholders	34440	44399
Add: ESOP cost using intrinsic value method	-	-
Less: ESOP cost using fair value method	357	757
Proforma profit after tax	34083	43642
Earnings Per Share		
Basic		
- No. of Shares [adjusted for equity shares to be issued (Refer Note 26)]	28,56,99,820	28,28,33,774
- EPS as reported (₹)	12.05	15.70
- Proforma EPS (₹)	11.93	15.43
Diluted		
- No. of shares	28,62,84,398	28,36,94,900
- EPS as reported (₹)	12.03	15.65
- Proforma EPS (₹)	11.91	15.38

The following assumptions were used for calculation of fair value of grants:

Dividend yield (%)	700	700
Expected volatility (%)	0.39-0.47	0.39-0.47
Risk free interest rate (%)	8.0	8.0
Expected term (in years)	4-6	4-6

30. Earnings per Share

	For the year ended 31 March 2014	For the year ended 31 March 2013
i) Profit after tax (₹ in lakhs)	34485	44399
ii) Less: Dividend on cumulative redeemable preference shares (including dividend tax) (₹ in lakhs)	45	-
iii) Amount available to equity shareholders (₹ in lakhs) [a]	34440	44399
Basic		
iv) Weighted average number of equity shares of ₹1/- each outstanding during the year [adjusted for equity shares to be issued (Refer Note 26)] [b]	28,56,99,820	28,28,33,774
Dilution		
v) Effect of potential equity shares on employees stock options outstanding	584,578	861,126
vi) Weighted average number of equity shares of ₹1/- each outstanding during the year [c]	28,62,84,398	28,36,94,900
Earnings Per Share		
vii) Basic – [a]/[b] – (₹)	12.05	15.70
viii) Diluted – [a]/[c] – (₹)	12.03	15.65

Notes *(Contd.)*

31. Contingent liabilities (to the extent not provided for)

a) Guarantees:

(i) The Company has provided guarantee to third parties on behalf of its subsidiary CFL Mauritius Limited – ₹Nil (2013: ₹7168 lakhs) in respect of which the contingent liability is ₹Nil (2013: ₹1098 lakhs).

(ii) The Company has provided a guarantee towards the borrowing of Tunisian Indian Fertilisers S.A., (TIFERT), Company's venture in Tunisia, up to ₹31009 lakhs (2013: ₹28100 lakhs).

b) Claims against the Company not acknowledged as debt:

(₹ in Lakhs)

	As at 31 March 2014	As at 31 March 2013
In respect of matters under dispute:		
Excise duty	11780	1501
Customs duty	372	-
Sales tax	410	185
Income tax	222	-
Others	1744	1661

The amounts shown in the item (a) represent guarantees given in the normal course of business and not expected to result in any loss to the Company on the basis of the beneficiaries fulfilling their obligations as they arise. The amounts in item (b) represent best estimate and the uncertainties are dependent on the outcome of the legal processes initiated by the Company or the claimant as the case may be.

c) Other money for which the Company is contingently liable in respect of:

(₹ in Lakhs)

	As at 31 March 2014	As at 31 March 2013
(i) Assignment of receivables from fertiliser dealers and dealer financing by banks	5547	7958
(ii) Assignment/ sale of subsidy receivables where option to buy-back rests with the Company	-	25000

The Management expects to realise all the amounts reflected above in the normal course of business.

32. Commitments

a) Capital commitments

(₹ in Lakhs)

	As at 31 March 2014	As at 31 March 2013
Capital expenditure commitments	2348	2206
Commitment towards investments		
- APGPCL shares purchase (refer note (i) below)	-	11000
- Others (refer note (ii) below)	216	1308

Notes:

(i) Amount for the previous year ₹11000 lakhs is in respect of the purchase of equity shares of Andhra Pradesh Gas Power Corporation Ltd. as per the Share Purchase Agreement, entered into with another party.

(ii) Amount for the previous year excludes ₹9047 lakhs in respect of the total Open offer consideration relating to erstwhile Liberty Phosphate Limited which was deposited in an escrow account. (also Refer Note 26)

b) Other commitments

(i) During the previous and in the current year, the Company issued comfort letters to certain banks who have lent to Sabero Organics Gujarat Limited ("Sabero") a subsidiary, in terms of which the Company has undertaken that it shall not reduce its shareholding in the subsidiary below 51%. In connection with the credit rating for the Commercial Paper programme of Sabero, the Company has issued a similar comfort letter (which also includes the assurance of making funds available, if required, to Sabero to enable it to meet its obligation under the aforesaid programme).

(ii) Maximum obligation on long term lease of land - ₹167 lakhs (2013: ₹174 lakhs).

Notes *(Contd.)*

33. Segment reporting

a) Business segment

The Company has considered business segment as the primary segment for disclosure. The Company is primarily engaged in the manufacture and trading of Farm Inputs, which in the context of Accounting Standard 17 “Segment Reporting” is considered the only business segment.

b) Geographical segment

The Company sells its products mainly within India where the conditions prevailing are uniform. Since the sales outside India are below the threshold limit, no separate geographical segment disclosure is considered necessary.

34. Leases

The Company has entered into certain operating lease agreements and an amount of ₹1615 lakhs (2013: ₹1480 lakhs) paid under such agreements has been charged to the Statement of Profit and Loss. These leases are generally not non-cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by such agreements.

35. Capitalisation of expenditure

Expenses disclosed under the respective notes are net of the following amounts capitalized by the Company under Capital work-in-progress/ fixed assets:

(₹ in Lakhs)

	For the Year ended 31 March 2014	For the Year ended 31 March 2013
Employee benefits expense	-	218
Finance costs (net)	-	1469
Other expenses	*	235

*less than a lakh

36. Research and development expenses incurred on the following heads have been accounted under the natural heads:

(₹ in Lakhs)

	For the Year ended 31 March 2014	For the Year ended 31 March 2013
Salaries, wages and bonus	275	259
Contribution to provident and other funds	25	21
Consumption of stores and spare parts	9	22
Power and fuel	17	16
Repairs to machinery	10	2
Miscellaneous expenses	83	71
	419	**391**

Notes *(Contd.)*

37. Details of raw materials consumed, stock-in-trade, finished goods and work-in-process

(a) Materials consumed

(Including packing material)

(₹ in Lakhs)

	For the Year ended 31 March 2014	For the Year ended 31 March 2013
Ammonia	137356	115053
Rock Phosphate	82685	62689
Urea	34841	29118
Sulphur	18718	25944
Muriate of Potash	40137	43198
Phosphoric Acid	218507	158451
Plant Protection Chemicals	33438	28816
Others	29073	22600
	594755	**485869**

(b) Purchases of stock-in-trade

(₹ in Lakhs)

	For the Year ended 31 March 2014	For the Year ended 31 March 2013
Di-Ammonium Phosphate (DAP)	9863	79145
Ammonium Phosphatic Fertilisers	74	-
Muriate of Potash	35700	10561
Urea	36815	34145
Ammonia	1402	1846
Plant Protection Chemicals	17384	10556
Others	21684	16746
	122922	**152999**

(c) Sales

(i) Manufactured*

(₹ in Lakhs)

	For the Year ended 31 March 2014	For the Year ended 31 March 2013
Di-Ammonium Phosphate (DAP)	123884	51790
Ammonium Phosphatic Fertilisers	296597	293755
Single Super Phosphate	31180	6065
Plant Protection Chemicals	55245	48688
Others	19549	19897
	526455	**420195**

* Sales are net of excise duty where applicable

Notes *(Contd.)*

(ii) Stock-in-trade

(₹ in Lakhs)

	For the Year ended 31 March 2014	For the Year ended 31 March 2013
Di-Ammonium Phosphate (DAP)	6672	51783
Ammonium Phosphatic Fertilisers	120	4978
Muriate of Potash	19280	11997
Urea	43594	28766
Ammonia	1419	1885
Plant Protection Chemicals	17328	10342
Others	33058	25908
	121471	**135659**
Total sales (i) + (ii)	**647926**	**555854**

(d) Opening Stock of finished goods and stock-in-trade

(₹ in Lakhs)

	As at 31 March 2014	As at 31 March 2013
(i) Manufactured		
Di- Ammonium Phosphate (DAP)	6004	9420
Ammonium Phosphatic Fertilisers	23464	25509
Single Super Phosphate	1383	435
Plant Protection Chemicals	8181	9146
Others	2297	1916
	41329	**46426**
(ii) Stock-in-trade		
Di- Ammonium Phosphate (DAP)	3466	1959
Ammonium Phosphatic Fertilisers	838	9907
Muriate of Potash	2448	13620
Urea	7311	662
Plant Protection Chemicals	4245	2546
Others	7516	5702
	25824	**34396**
Total opening stock (i) + (ii)	**67153**	**80822**

(e) Closing stock of finished goods and stock-in-trade*

(₹ in Lakhs)

	As at 31 March 2014	As at 31 March 2013
(i) Manufactured		
Di-Ammonium Phosphate (DAP)	8124	6004
Ammonium Phosphatic Fertilisers	32338	23464
Single Super Phosphate	8612	1383
Plant Protection Chemicals	9134	8181
Others	1405	2297
	59613	**41329**

Notes *(Contd.)*

(₹ in Lakhs)

	As at 31 March 2014	As at 31 March 2013
(ii) Stock-in-trade		
Di- Ammonium Phosphate (DAP)	1952	3466
Ammonium Phosphatic Fertilisers	522	838
Muriate of Potash	8848	2448
Urea	1020	7311
Plant Protection Chemicals	5926	4245
Others	7619	7516
	25887	**25824**
Total closing stock (i) + (ii)	**85500**	**67153**

* net of shortages/in-transit losses/captive consumption/ samples

(f) Closing stock of work-in-process includes:

(₹ in Lakhs)

	As at 31 March 2014	As at 31 March 2013
Intermediates for:		
- Fertilisers	538	445
- Plant Protection Chemicals	948	450
- Others	17	40
	1503	**935**

38. Related party disclosures

(A) Names of the related parties and their relationship:

Names	**Nature of relationship**
E.I.D. Parry (India) Limited	Holding company
Liberty Phosphate Limited (LPL)	Subsidiary (merged w.e.f. 1 April 2013) (Refer Note 26)
Liberty Urvarak Limited (LUL)	Subsidiary (merged w.e.f. 1 April 2013) (Refer Note 26)
Liberty Pesticides and Fertilisers Limited (LPFL)	Subsidiary
Sabero Organics Gujarat Limited (Sabero)	Subsidiary
Sabero Organics America Ltda (SOAL)	Subsidiary
Sabero Australia Pty Ltd, Australia (Sabero Australia)	Subsidiary
Sabero Europe BV (Sabero Europe)	Subsidiary
Sabero Argentina S.A. (Sabero Argentina)	Subsidiary
Sabero Organics Mexico S.A De C.V. (Sabero Mexico)	Subsidiary (w.e.f 17 June 2013)
Parry Chemicals Limited (PCL)	Subsidiary
Dare Investments Limited (DIL)	Subsidiary
CFL Mauritius Limited (CML)	Subsidiary
Coromandel Brasil Limitada (CBL)	Subsidiary
Sadashiva Sugars Limited (SSL)	Fellow subsidiary
Parry Infrastructure Company Private Limited (PICPL)	Fellow subsidiary
Parry Sugar Industries Limited (PSIL)	Fellow subsidiary
Coromandel Getax Phosphates Pte Ltd. (CGPL)	Joint venture
Coromandel SQM (India) Pvt Limited (CSQM)	Joint venture
Tunisian Indian Fertilisers S.A (TIFERT)	Joint venture (upto 31 March 2013) [Refer Note 52(a)]
Mr. Kapil Mehan, Managing Director	Key management personnel

Notes *(Contd.)*

(B) Transactions during the year:

(₹ in Lakhs)

	For the Year ended 31 March 2014	For the Year ended 31 March 2013
i) Sale of finished goods/raw materials/services		
a) Holding company	63	34
b) Fellow subsidiary – SSL	34	248
c) Joint venture - CSQM	425	237
d) Subsidiary – Sabero	965	563
ii) Interest received from		
a) Subsidiary – PCL	1	3
iii) Rent received		
a) Fellow subsidiary – PICPL	175	175
iv) Expenses reimbursed by		
a) Holding company	31	22
b) Fellow subsidiary – PSIL	-	18
c) Joint venture – CSQM	35	29
d) Joint venture – TIFERT	-	10
e) Subsidiary – PCL	7	7
f) Subsidiary – Sabero	333	171
g) Subsidiary – LPL	-	4
v) Purchase of finished goods and services		
a) Holding company	396	434
b) Joint venture – CSQM	2623	3085
c) Fellow subsidiary – PSIL	-	49
d) Subsidiary – Sabero	5811	5599
vi) Commission on sales		
a) Subsidiary – PCL	41	38
b) Subsidiary – CBL	49	79
c) Subsidiary – Sabero Mexico	30	-
vii) Expenses reimbursed to		
a) Holding company	296	431
b) Subsidiary – PCL	2	2
c) Subsidiary – Sabero	130	208
viii) Interest received on Inter corporate deposit/Loan		
a) Subsidiary – Sabero	111	114
b) Subsidiary – CML	24	6
c) Subsidiary - DIL	*	-
d) Joint venture - TIFERT	-	29
ix) Loan given		
a) Subsidiary - CML	-	823
b) Joint venture – TIFERT	-	2551
c) Subsidiary – Sabero	-	1500
d) Subsidiary - DIL	5	-

Notes *(Contd.)*

(₹ in Lakhs)

	For the Year ended 31 March 2014	For the Year ended 31 March 2013
x) Loans and advances (including loans) received back		
a) Subsidiary - CBL	-	3
b) Subsidiary - PCL	-	197
c) Subsidiary - CML	820	-
d) Subsidiary - Sabero	1500	-
xi) Investment made in equity shares of		
a) Subsidiary - CBL	-	89
b) Subsidiary - CML	2507	-
c) Subsidiary - DIL	495	-
xii) Purchase of assets from		
a) Subsidiary - Sabero	40	-
xiii) Purchase of equity shares from		
a) Subsidiary - PCL	664	-
xiv) Dividend paid		
a) Holding company	7972	5315
xv) Issue/ (redemption) of 9% Unsecured redeemable non-convertible fully paid bonus debentures of ₹15 each		
a) Holding company	(26573)	26573
xvi) Interest expense on 9% Unsecured redeemable non- convertible fully paid bonus debentures of ₹15 each		
a) Holding company	2313	1651
xvii) Remuneration to Key management personnel		
a) Mr. Kapil Mehan	249	237

(C) Outstanding balances as at the year end

(₹ in Lakhs)

	As at 31 March 2014	As at 31 March 2013
a) Trade receivables/Loans and advances		
- Holding company	71	-
- Subsidiary - CML	-	820
- Subsidiary - DIL	5	-
- Joint venture - TIFERT	-	2582
- Fellow subsidiary - SSL	132	63
- Fellow subsidiary - PSIL	16	375
- Subsidiary - Sabero	-	1513
- Subsidiary - LPL	-	4
- Fellow subsidiary - PICPL	300	143
b) Trade payables/ Other liabilities		
- Holding company	-	1872
- Joint venture - CSQM	815	394
- Fellow subsidiary - PICPL	3000	3000
- Subsidiary - Sabero	1333	725
- Subsidiary - PCL	12	3
- Subsidiary - CBL	12	14
- Subsidiary - Sabero Mexico	30	-
- Subsidiary - LPFL	127	-
c) 9% Unsecured redeemable non-convertible fully paid bonus debentures of ₹15 each		
- Holding company	-	26573

*less than a lakh

Notes:

a. The Company has extended guarantees on behalf of CFL Mauritius Limited and TIFERT. Refer Note 31(a)

b. The Company has provided comfort letters to certain banks in respect of Sabero. Refer Note 32(b)

Notes *(Contd.)*

39. Employee benefits

a. Defined benefit plans

The following table sets forth the status of the Gratuity Plan and the Superannuation and other Pension Plans of the Company and the amounts recognised in the Balance Sheet and Statement of Profit and Loss:

(₹ in Lakhs)

	Gratuity plan		Superannuation and other pension plans	
	2013-2014	**2012-2013**	**2013-2014**	**2012-2013**
Change in defined benefit obligation (DBO) during the year				
Present value of DBO at the beginning of the year	3154	2867	8	31
Add: On amalgamation (Refer Note 26)	149	-	-	-
Add: On acquisition of business (Refer Note 27)	18	-	-	-
Current service cost	311	268	*	*
Interest cost	249	215	1	1
Actuarial loss/(gain)	(47)	172	(3)	(24)
Benefits paid	(412)	(368)	-	-
Present value of DBO at the end of the year	**3422**	**3154**	**6**	**8**
Amounts recognised in the Balance Sheet				
Present value of DBO at the end of the year	3422	3154	6	8
Fair value of plan assets at the end of the year	3215	2906	-	-
Funded status of the plans – (asset)/ liability	**207**	**248**	**6**	**8**
Liability recognised in the Balance Sheet	**207**	**248**	**6**	**8**
Components of employer expense				
Current service cost	311	268	*	*
Interest cost	249	215	1	1
Expected return on plan assets	(248)	(221)	-	-
Net actuarial (gain)/loss recognised	20	180	(3)	(24)
Past service cost	-	-	-	-
Expense recognised in Statement of Profit and Loss	**332**	**442**	**(2)**	**(23)**
Nature and extent of investment details of the plan assets#				
State and Central Securities	2.04%	2.52%	-	-
Bonds	4.67%	6.17%	-	-
Special deposits	0.38%	0.78%	-	-
Insurer managed funds	92.91%	90.53%	-	-
Actual return on plan assets#	**257**	**213**	**-**	**-**
Assumptions				
Discount rate	8%	8%	8%	8%
Estimated rate of return on plan assets	8%	8%	-	-
Expected rate of salary increase	5-7%	5-7%	-	-
Attrition rate	5%	5%	1%	1%

* less than a lakh

\# includes details of trusts other than those covered under a Scheme of Life Insurance Corporation of India

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market. The Company evaluates these assumptions annually based on its long term plans of growth and industry standards.

Notes *(Contd.)*

Experience adjustments:

(₹ in Lakhs)

	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
Gratuity plan					
Present value of DOB	3422	3154	2867	2501	2114
Fair value of plan assets	3215	2906	2610	2192	1846
Funded status [Asset/ (liability)]	(207)	(248)	(257)	(309)	(268)
Experience adjustments loss/(gain)					
- on plan liabilities	(47)	172	183	72	267
- on plan assets	67	8	(34)	(87)	(44)
Superannuation and other pension plans					
Present value of DOB	6	8	31	117	115
Fair value of plan assets	-	-	-	-	-
Funded status [Asset/ (liability)]	(6)	(8)	(31)	(117)	(115)
Experience adjustments loss/(gain)					
- on plan liabilities	(3)	(24)	(96)	(9)	(45)
- on plan assets	-	-	-	-	-

b. Defined contribution plans

In respect of the defined contribution plans, an amount of ₹1262 lakhs (2013: ₹884 lakhs) has been recognised as an expense in the Statement of Profit and Loss during the year.

40. The Company has recognised subsidy income as per the prevalent Nutrient Based Subsidy (NBS) Policy announced by Government of India. Such income is included in "Government Subsidies" in the Statement of Profit and Loss. The subsidy income for the year includes ₹3488 lakhs (2013: ₹10884 lakhs) relating to earlier years comprising of freight subsidy income consequent to the final notification by the Government. In respect of previous year, it also includes subsidy income relating to opening inventories as at 1 April 2011 based on the communication issued by the Department of Fertilisers vide letter dated 22 August 2012 with respect to the earlier Office Memorandum dated 11 July 2011.

41. Exceptional item of ₹1261 lakhs (2013: ₹Nil) represents interest demand in respect of disputed taxes relating to earlier years.

42. During the year ended 31 March 2012, the Members of the Company pursuant to the provisions of Section 293(1)(a) of the 1956 Act approved the transfer/assigning of the lease rights on the land located at Navi Mumbai to prospective buyers. As at 31 March 2014, the Company is in the process of identifying potential buyers.

43. During the previous year, the Company had issued and allotted 28,28,17,658 9% Unsecured Redeemable Non-convertible Fully Paid Bonus Debentures of ₹15 each for every equity share, aggregating ₹42423 lakhs to the shareholders by appropriating the General Reserve through a Scheme of Arrangement (Scheme) approved by Hon'ble High Court of Andhra Pradesh and other relevant authorities. Further, in terms of the accounting treatment set out in the Scheme, dividend distribution tax paid on the aforesaid Debentures aggregating ₹6882 lakhs was also transferred from the General Reserve. The Company had also created a debenture redemption reserve amounting to ₹2553 lakhs as per the requirements of the Act and in accordance with the clarifications given by the Ministry of Corporate Affairs.

The aforesaid debentures were redeemable at par over three years commencing from 23 July 2014 (₹5/- each year). Further, as per the terms of the Scheme, the Company also had a right to prepay the entire amount of debentures by giving prior notice to the debenture holders. During the current year, the Board authorized Committee of Directors of the Company, in its meeting has exercised the option to prepay the debentures and approved early redemption. Accordingly, the said debentures were redeemed at par during the year and the amounts due including interest accrued have been transferred to earmarked bank accounts. Consequently, the debenture redemption reserve of ₹2553 lakhs created in the previous year has been transferred to the Surplus in Statement of Profit and Loss in the current year.

Notes (Contd.)

44. Derivative instruments and unhedged foreign currency exposure

a. Forward contracts outstanding as at the Balance Sheet date

	Currency	Cross currency	No. of contracts	Amount in foreign currency (million)	Amount ₹ in lakhs	Buy/Sell
As at 31 March 2014	USD	INR	148	391.92	235278	Buy
	USD	INR	11	2.08	1246	Sell
As at 31 March 2013	USD	INR	89	539.48	292936	Buy
	USD	INR	7	1.00	543	Sell

The forward contracts have been entered into to hedge the purchase of raw materials and stock-in-trade and the related buyer's credit and in certain cases the foreign currency trade receivables.

b. Principal and interest rate swaps outstanding as at the Balance Sheet date

	Currency	Cross currency	No. of contracts	Amount in foreign currency (million)	Amount ₹ in lakhs	Buy/Sell
As at 31 March 2014	USD	INR	10	73.33	43941	Buy
As at 31 March 2013	USD	INR	10	80.00	43440	Buy

The swap contracts have been entered into to hedge the currency and interest rate risks on the external commercial borrowings of the Company (Refer Note 53c)

c. Details of foreign currency exposures as at the Balance Sheet date that have not been hedged by a derivative instrument or otherwise are given below:

	Currency	As at 31 March 2014		As at 31 March 2013	
		Foreign currency amount in Million	Amount ₹ in lakhs	Foreign currency amount in Million	Amount ₹ in lakhs
Trade payables	USD	18.43	11046	5.68	3085
	AED	-	-	33.98	5022
Trade receivables	USD	4.83	2897	2.95	1601
Borrowings	USD	1.13	677	8.65	4698

45. Disclosure as per clause 32 of the Listing agreements with the Stock Exchanges

Loans and advances in the nature of loans to subsidiaries:

(₹ in Lakhs)

	Relationship	As at 31 March 2014	Maximum balance outstanding during the year
Parry Chemicals Limited (PCL) (Refer note b)	Subsidiary	-	8
		(-)	(197)
Dare Investments Limited (DIL) (Refer note b)	Subsidiary	5	5
		(-)	(-)
Sabero Organics Gujarat Limited (Refer note c)	Subsidiary	-	1500
		(1500)	(1500)
CFL Mauritius Limited (CFL M) (Refer note d)	Subsidiary	-	820
		(814)	(823)

Notes:

a. Figures in bracket relate to previous year

b. The loan is repayable on demand and carries interest. Section 372A of the 1956 Act is not applicable as PCL and DIL are wholly owned subsidiary of the Company

c. The loan is repayable at the end of 90 days from the date of disbursement/ roll over and interest is receivable per section 372A of the 1956 Act

d. The loan is repayable at the end of 12 months from the date of disbursement and carries interest. Section 372A of the 1956 Act is not applicable as CFL M is a wholly owned subsidiary of the Company

e. Compulsorily convertible loan amounting to USD 4.65 million (equivalent to ₹2551 lakhs) extended to TIFERT [refer Note 52(a)], and outstanding as at 31 March 2014 and 2013 is not considered above

Notes *(Contd.)*

46. Payments to Auditors

(₹ in Lakhs)

	For the Year ended 31 March 2014	For the Year ended 31 March 2013
Audit fees	40	40
Tax audit fees	7	7
Limited reviews	18	18
Certifications	72	65
Reimbursement of expenses	1	2
Total	**138**	**132**

Above excludes payments to other auditors – of erstwhile Liberty Phosphate Limited and Liberty Urvarak Limited:

(₹ in Lakhs)

	For the Year ended 31 March 2014	For the Year ended 31 March 2013
Audit fees	7	-
Tax audit fees	3	-
Limited reviews	-	-
Certifications	1	-
Reimbursement of expenses	2	-
Total	**13**	**-**

Notes:

a. Amounts given above excludes service tax

47. Expenditure in foreign currency

(₹ in Lakhs)

Export commission	281	185
Interest	5214	5735
Others	1462	934

48. Amount remitted in foreign currency on account of dividend

Financial Year	Relating to	No. of shares held (₹ 1/- each)	No. of Non-Resident shareholders	Amount ₹ in Lakhs
2013-14	2012-13	1,00,56,758	36	453
2012-13	2011-12	1,00,58,358	37	302

Details pertaining to payments made by erstwhile Liberty Phosphate Limited (LPL)

Financial Year	Relating to	No. of shares held (₹ 10/- each)	No. of Non-Resident shareholders	Amount ₹ in Lakhs
2013-14	2012-13	172,549	43	5
2013-14*	2012-13	22,00,852	1	18

* dividend paid on preference share in LPL

Notes *(Contd.)*

49. Value of import calculated on C.I.F. basis

(₹ in Lakhs)

	For the Year ended 31 March 2014	For the Year ended 31 March 2013
Raw materials	521382	386662
Stores and spare parts	371	174
Capital goods	2	515
Stock-in-trade	59960	118544

50. Earnings in foreign exchange

(₹ in Lakhs)

	For the Year ended 31 March 2014	For the Year ended 31 March 2013
F.O.B. value of exports of goods	10450	7294
Dividend from others	-	52
Others	3538	3537

51. Imported and indigenous raw materials, stores and spare parts consumed

(₹ in Lakhs)

	% of total consumption	For the Year ended 31 March 2014	% of total consumption	For the Year ended 31 March 2013
Raw materials (including packing material)				
Imported (including imports through canalizing agents)	86.21	512725	90.16	438067
Indigenous	13.79	82030	9.84	47802
	100.00	**594755**	**100.00**	**485869**
Stores and spare parts				
Imported	0.43	25	4.89	239
Indigenous	99.57	5734	95.11	4645
	100.00	**5759**	**100.00**	**4884**

52. Interests in joint ventures

a) During the year, the Company's venture in Tunisia [the Tunisian Indian Fertiliser S.A. (TIFERT)], has commissioned the phosphoric acid plant and commenced production. Pursuant to the shareholders' agreement in relation to TIFERT, the day to day operations have been assumed by the Tunisian Partners and the Company has accordingly discontinued proportionate consolidation under Accounting Standard 27 - "Financial Reporting of Interests in Joint Ventures" and is treating its investment in TIFERT under AS 13 - "Accounting for Investments".

b) The proportionate share of assets, liabilities, income and expenditure of jointly controlled entities, Coromandel Getax Phosphates Pte Ltd (Coromandel Getax), Coromandel SQM (India) Private Limited (Coromandel SQM) and Tunisian Indian Fertilisers SA (TIFERT) are given below:

(₹ in Lakhs)

Name of the entity	For the Year ended 31 March 2014		For the Year ended 31 March 2013		
	Coromandel Getax	Coromandel SQM	Coromandel Getax	Coromandel SQM	TIFERT*
Country of Incorporation	Singapore	India	Singapore	India	Tunisia
Percentage of ownership interest	50%	50%	50%	50%	15%
Non-current liabilities	-	21	-	15	25191
Current liabilities	2	988	15	885	4207
Non-current assets	-	353	-	377	34650
Current assets	182	1273	210	1062	4488
Income	-	3162	1	1848	-
Expenditure	36	3084	7	1768	1652

*All figures are as per the unaudited financial statements for the year ended 31 December 2012 and information has been furnished to the extent available with the Company.

Notes *(Contd.)*

53. Other matters

a) Based on and to the extent of information available with the Company under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars as at 31 March 2014 are furnished below:

(₹ in Lakhs)

Sl. No.	Particulars	As at 31 March 2014	As at 31 March 2013
(i)	Principal amount due to suppliers under MSMED Act, as at the end of the year	267	170
(ii)	Interest accrued and due to suppliers under MSMED Act on the above amount as at the end of the year	-	-
(iii)	Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
(iv)	Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
(v)	Interest paid to suppliers under MSMED Act (Section 16)	-	-
(vi)	Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
(vii)	Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (ii) + (vi)	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

b) Exchange difference in respect of forward exchange contracts to be recognised in the Statement of Profit and Loss in the subsequent accounting period is ₹2744 lakhs debit (2013: ₹4686 lakhs debit).

c) As on 31 March 2014, the Company has foreign currency borrowing of US$ 73.33 million (2013: US$ 80 million). The Company has entered into principal and interest rate swaps amounting US$ 73.33 million (2013: US$ 80 million) to hedge the foreign currency and interest rate risks thereon. The Company has marked to market the foreign currency borrowings and the corresponding swap contracts and the net exchange differences arising thereon have been recognised in the Statement of Profit and Loss.

54. Previous year figures have been recast/ reclassified wherever necessary to correspond with the current year's classification/ disclosures.

55. Significant accounting policies

i. Basis of accounting and preparation of financial statements

The financial statements have been prepared on the basis of going concern, under the historic cost convention on accrual basis, to comply in all material aspects with applicable generally accepted accounting principles in India ("Indian GAAP"), the Accounting Standards ("AS") notified under Section 211 (3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September 2013 of Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable.

ii. Use of estimates

The preparation of the financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements, the reported amount of revenues and expenses during the reported period and disclosure of contingent liabilities. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

iii. Tangible fixed assets

Tangible fixed assets are shown at cost or valuation, net of accumulated depreciation and impairment losses, if any. Cost comprises of the purchase price, attributable expenditure incurred in bringing the asset to its working condition for the intended use and cost of borrowings till the date of capitalisation in the case of assets involving material investment and substantial lead time.

iv. Depreciation and amortisation

Depreciation is provided on the straight-line method as per the rates prescribed in Schedule XIV to the 1956 Act except in the following cases where the estimated useful lives of assets are lower than those prescribed in the said Schedule XIV:

Notes *(Contd.)*

Asset	Useful lives (in years)
Plant and equipment	5 - 14
Vehicles	5 - 7
Office equipment, furniture and fixtures	3 - 5
Computers and related equipments	3 - 5

The useful lives of assets are periodically reviewed and re-determined and the unamortised depreciable amount is charged over the remaining useful life of such assets.

Leasehold land is amortised on a straight line basis over the lease period**.**

Intangible asset comprises of technical know-how which is amortised on the straight-line method over their estimated useful lives ranging from 5-10 years.

v. Intangible assets

Intangible assets are carried at cost, net of accumulated amortisation and impairment losses, if any. Cost of an intangible asset comprises of purchase price and attributable expenditure on making the asset ready for its intended use.

vi. Impairment

The Company assesses at each reporting date whether there is an indication that an asset/cash generating unit may be impaired. If any indication exists the Company estimates the recoverable amount of such assets and if carrying amount exceeds the recoverable amount impairment is recognised. The recoverable amount is the higher of the net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discount factor. When there is indication that previously recognised impairment loss no longer exists or may have decreased such reversal of impairment loss is recognised in the Statement of Profit and Loss.

vii. Foreign currency transactions and derivative contracts

Transactions made during the year in foreign currency are recorded at the exchange rate prevailing at the time of transactions. Monetary assets and liabilities relating to foreign currency transactions remaining unsettled at the year-end are translated at the exchange rate prevalent at the date of Balance Sheet. Exchange differences arising on actual payment/realisation and year end reinstatement referred to above are recognised in the Statement of Profit and Loss.

In respect of forward contracts entered into to hedge risks associated with foreign currency fluctuation on its existing assets and liabilities, the premium or discount at the inception of the contract is amortised as income or expense over the period of the contract. Currency options/other swap contracts outstanding as at the Balance Sheet date are marked to market and the net loss is charged to the Statement of Profit and Loss. Any profit or loss arising on cancellation of such contracts is recognised as income or expense in the Statement of Profit and Loss of the year.

viii. Hedge accounting

The Company uses foreign currency forward contracts and other derivative instruments to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions and designates such derivative instruments in a cash flow hedging relationship by applying the hedge accounting principles set out in "Accounting Standard 30 Financial Instruments: Recognition and Measurement" issued by the Institute of Chartered Accountants of India. These derivative instruments are stated at fair value at each reporting date. Changes in the fair value of these instruments that are designated and effective as hedges of future cash flows are recognised directly in "Hedging reserve account" under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the Hedging reserve account are reclassified to the Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit and loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in Hedging reserve account is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in the Hedging reserve account is immediately transferred to the Statement of Profit and Loss.

The Company has adopted the aforesaid hedge accounting principles with effect from 1 April 2013.

ix. Investments

Investments, which are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Long-term investments are valued at cost less provision for diminution other than temporary, in the value of such investments. Current investments are valued at lower of cost and fair value.

Notes *(Contd.)*

x. Inventories

Stores and spares, packing materials are valued at or below cost. Raw materials and other inventories are valued at lower of cost and net realisable value. The method of determination of cost of various categories of inventories is as follows:

a) Stores and spares and packing materials – Weighted average cost.

b) Raw material – First-in-First-out basis. Cost includes purchase cost and other attributable expenses.

c) Finished goods and Work-in-process – Weighted average cost of production which comprises of direct material costs, direct wages and applicable overheads. Excise duty is included in the value of finished goods.

d) Stock-in-trade – Weighted average cost

xi. Trade receivables and loans and advances

Specific debts and advances identified as irrecoverable or doubtful are written off or provided for respectively. Subsidy receivable is disclosed under "short-term loans and advances".

xii. Revenue recognition

a) Sale of goods is recognised net of returns and trade discounts, when the risk and rewards of ownership are transferred to the customers. Sales include amounts recovered towards excise duty and exclude sales tax/ value added tax.

b) Subsidy is recognised on the basis of the rates notified from time to time by the Government of India in accordance with the Nutrient Based Subsidy (NBS) policy on the quantity of fertilisers sold by the Company for the period for which notification has been issued and for the remaining period, based on estimates.

c) Dividend income from investments is accounted for in the year in which the right to receive the payment is established.

d) Income from services rendered is recognised based on the agreements/arrangements with the concerned parties and when services are rendered.

e) Export benefits under DEPB license and excise benefits are accounted for on accrual basis.

f) Interest income is recognised on a time proportionate method, based on the transactional interest rates.

xiii. Employee benefits

a) Defined contribution plans

Contributions paid/payable to defined contribution plans comprising of Superannuation (under a scheme of Life Insurance Corporation of India) and Provident Funds for certain employees covered under the respective Schemes are recognised in the Statement of Profit and Loss each year.

The Company makes contributions to two Provident Fund Trusts for certain employees, at a specified percentage of the employees' salary. The Company has an obligation to make good the shortfall, if any, between the return from the investments of trust and the notified interest rates. Liability on account of such shortfall, if any, is provided for based on the actuarial valuation carried out as at the end of the year in accordance with AS 15 'Employee Benefits'.

b) Defined benefit plans

Gratuity for certain employees is covered under a Scheme of Life Insurance Corporation of India (LIC) and contributions in respect of such scheme are recognised in the Statement of Profit and Loss. The liability as at the Balance Sheet date is provided for based on the actuarial valuation carried out as at the end of the year.

The Company makes contributions for Superannuation and Gratuity (for employees not covered under the LIC Scheme) to Trusts, which are recognised in the Statement of Profit and Loss. The Company's liability as at the Balance Sheet date is provided for based on the actuarial valuation as at the end of the year.

Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.

c) Other long term employee benefits

Other long term employee benefits comprise of leave encashment which is provided for based on the actuarial valuation carried out as at the end of the year.

d) Short term employee benefits

Short term employee benefits including accumulated compensated absences as at the Balance Sheet date are recognised as an expense as per Company's schemes based on expected obligation on an undiscounted basis.

xiv. Borrowing costs

All borrowing costs are charged to the Statement of Profit and Loss except those that are attributable to the acquisition or construction of a qualifying asset.

Notes *(Contd.)*

xv. Leases

The Company's significant leasing arrangements are in respect of operating leases for premises that are cancelable in nature. The lease rentals under such agreements are recognised in the Statement of Profit and Loss as per the terms of the lease.

xvi. Provisions, contingent liabilities and contingent assets

Provisions are recognised only when there is a present obligation as a result of past events and when a reasonable estimate of the amount of obligation can be made. Contingent liabilities disclosed for (i) possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

xvii. Taxes on income

a) Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

b) Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset, if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

c) Deferred tax is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in subsequent periods, subject to consideration of prudence.

xviii. Earnings per share

The earnings considered for ascertaining the Company's Earnings per Share (EPS) comprises the profit after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted EPS comprises the weighted average shares considered for deriving basic EPS and also the weighted average number of equity shares that would be issued on the conversion of all dilutive potential equity shares. In case of dilutive options, the difference between the number of shares issuable and the number of shares that would be issued at fair value are treated as diluted potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

xix. Employee stock option

Stock options granted to the employees under the stock option scheme established are evaluated as per the accounting treatment prescribed by the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by Securities and Exchange Board of India ("SEBI") and the Guidance Note on Accounting for Employee Share - based Payments, issued by the Institute of Chartered Accountants of India. The Company follows the intrinsic value method of accounting for the options and accordingly, the excess of market value of the stock options as on date of grant over the exercise price of the options, if any, is recognised as deferred employee compensation and is charged to the Statement of Profit and Loss on graded vesting basis over the vesting period of the options. The unamortized portion of the deferred employee compensation, if any, is shown under Reserves and Surplus.

For and on behalf of the Board of Directors

Kapil Mehan
Managing Director

A. Vellayan
Chairman

S. Sankarasubramanian
Chief Financial Officer

P. Varadarajan
Company Secretary

Place: Hyderabad
Date: 12 May 2014

Consolidated Independent Auditors' Report

TO THE BOARD OF DIRECTORS OF
COROMANDEL INTERNATIONAL LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Coromandel International Limited** (the "Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated 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 Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements / financial information of the subsidiaries, jointly controlled entities, associate and other entities referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2014;

(b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and

(c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matter

(i) We did not audit the financial statements / financial information of ten subsidiaries, two jointly controlled entities and of erstwhile Liberty Phosphate Limited and erstwhile Liberty Urvarak Limited (refer Note 26 to the consolidated financial statements which describes the amalgamation of Liberty Phosphate Limited and Liberty Urvarak Limited with the Company with effect from 1st April, 2013), whose financial statements / financial information reflect total assets (net) of ₹ 63010 Lakhs as at 31st March 2014, total revenues of ₹ 41136 Lakhs and net cash in-flows amounting to ₹ 508 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ 1 Lakh for the year ended 31st March 2014, as considered in the consolidated financial statements, in respect of one associate, whose financial statements / financial information have not been audited by us.

(ii) The consolidated financial statements also include the Group's share of revenue of ₹ 2 Lakhs and (Loss) after taxes of ₹ (992) Lakhs representing adjustment for difference between Management accounts and audited accounts for the year ended 31st December 2012 of a jointly controlled entity audited by an other auditor.

These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities, associate and other entities, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of these matters.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 008072S)

Ganesh Balakrishnan
Partner
(Membership No. 201193)

HYDERABAD, 12 May, 2014

Consolidated Balance Sheet as at 31 March 2014

(₹ in Lakhs)

	Note	As at 31 March 2014	As at 31 March 2013
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	1	2832	2831
(b) Share capital suspense	1A	26	-
(c) Reserves and surplus	2	225264	216826
		228122	**219657**
2. Minority interest		2538	10628
3. Non-current liabilities			
(a) Long-term borrowings	3	26685	109686
(b) Deferred tax liabilities (net)	4	18896	18768
(c) Other long-term liabilities	5	3009	3027
(d) Long-term provisions	6	1724	1840
		50314	**133321**
4. Current liabilities			
(a) Short-term borrowings	7	140429	177027
(b) Trade payables	8	270810	240137
(c) Other current liabilities	9	50713	42351
(d) Short-term provisions	10	17550	18084
		479502	**477599**
TOTAL		**760476**	**841205**
II. ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11(a)	136994	136962
(ii) Intangible assets	11(b)	1582	1760
(iii) Capital work-in-progress		7440	42008
		146016	**180730**
(b) Goodwill on consolidation	46(f)	34829	46907
(c) Non-current investments	12	34158	15969
(d) Long-term loans and advances	13	7768	10129
		222771	**253735**
2. Current assets			
(a) Current investments	14	19	19
(b) Inventories	15	175288	147754
(c) Trade receivables	16	148345	182009
(d) Cash and bank balances	17	47216	53459
(e) Short-term loans and advances	18	165420	202970
(f) Other current assets	19	1417	1259
		537705	**587470**
TOTAL		**760476**	**841205**

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: 12 May 2014

For and on behalf of the Board of Directors

Kapil Mehan
Managing Director

A. Vellayan
Chairman

S. Sankarasubramanian
Chief Financial Officer

P. Varadarajan
Company Secretary

Consolidated Statement of Profit and Loss for the year ended 31 March 2014

(₹ in Lakhs)

	Note	For the year ended 31 March 2014	For the year ended 31 March 2013
I. Revenue			
Revenue from operations			
Sales (gross)		728408	613169
Less: Excise duty		15718	13272
Sales (net)		712690	599897
Government subsidies		285943	297129
Other operating revenue	20	6688	6346
		1005321	903372
Other income	21	6076	7007
Total revenue		**1011397**	**910379**
II. Expenses			
Cost of materials consumed		635205	517289
Purchases of stock-in-trade		122660	152071
Changes in inventories of finished goods, work-in-process and stock-in-trade	22	(9809)	12537
Employee benefits expense	23	27049	22976
Finance costs	24	24026	21016
Depreciation and amortisation expense	11(a)/11(b)	9608	7111
Other expenses	25	149692	121705
Total expenses		**958431**	**854705**
III. Profit before exceptional items, tax and minority interest (I - II)		**52966**	**55674**
IV. Exceptional item	40	1261	-
V. Profit before tax and minority interest (III - IV)		**51705**	**55674**
VI. Tax expense:			
Current tax		16190	11478
Minimum Alternate Tax (MAT) credit		(740)	(10420)
Deferred tax		(239)	11251
		15211	12309
VII. Profit after tax and before minority interest (V - VI)		**36494**	**43365**
VIII. Minority interest		840	166
IX. Profit attributable to equity shareholders (VII - VIII)		**35654**	**43199**
Earnings per equity share of ₹ 1/- each	30		
Basic ₹		12.46	15.27
Diluted ₹		12.44	15.23

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: 12 May 2014

For and on behalf of the Board of Directors

Kapil Mehan
Managing Director

A. Vellayan
Chairman

S. Sankarasubramanian
Chief Financial Officer

P. Varadarajan
Company Secretary

Consolidated Cash Flow Statement for the year ended 31 March 2014

(₹ in Lakhs)

		For the year ended 31 March 2014	For the year ended 31 March 2013
Cash flow from operating activities			
Profit before tax		**51705**	**55674**
Adjustments for:			
Exceptional item		1261	-
Depreciation and amortisation expense		9608	7111
Loss on sale/ scrap of fixed assets		241	226
Exchange differences (net)		9210	6837
Provision for doubtful trade receivables and other liabilities no longer required, written back		(534)	(347)
Provision for doubtful trade and other receivables, loans and advances		738	1621
Trade and other receivables written off		77	2
Provision for employee benefits		(50)	4
Finance costs		24026	21016
Interest income		(5442)	(5802)
Dividend income		(459)	(1205)
Operating profit before working capital changes		**90381**	**85137**
Changes in working capital:			
Trade payables		38773	21172
Other current liabilities		(2925)	(801)
Other long-term liabilities		(18)	(390)
Trade receivables		32889	(79336)
Inventories		(27856)	55259
Long-term loans and advances		(182)	(3021)
Short-term loans and advances		24367	32252
Balances in margin money/ deposit accounts		1781	326
Cash generated from operations		**157210**	**110598**
Direct taxes paid (net of refunds)		(11123)	(12069)
Net cash flow from operating activities	**(A)**	**146087**	**98529**
Cash flows from investing activities			
Purchase of fixed assets, including capital work-in-progress and capital advances		(11347)	(26273)
Proceeds from sale of fixed assets		209	419
Purchase of non-current investments, including subsidiaries* (Refer Note 3 below)		(8461)	(22818)
Acquisition of business undertaking (Refer Note 27)		(1163)	-
Amount transferred to Escrow accounts (Refer Note 26)		-	(11301)
Inter-corporate deposits placed		(75250)	(106000)
Inter-corporate deposits matured		85250	94482
Purchase of current investments - mutual fund units		(269000)	(537404)
Proceeds from sale of current investments - mutual fund units		269000	537400
Interest received		5284	6159
Dividend received from current and non-current investments		459	1205
Net cash used in investing activities	**(B)**	**(5019)**	**(64131)**
*net of ₹ 3493 lakhs realised			

Consolidated Cash Flow Statement (Contd.)

(₹ in Lakhs)

	For the year ended 31 March 2014	For the year ended 31 March 2013
Cash flow from financing activities		
Proceeds from issue of equity shares on exercise of employee stock options	57	259
Redemption of preference shares	(500)	-
Proceeds from long-term borrowings	1500	14569
Redemption of bonus debentures (Refer Note 42)	(42423)	-
Repayment of long-term borrowings	(6766)	(4656)
Increase/ (decrease) in short-term borrowings	(44687)	(66168)
Dividend paid including tax thereon	(15111)	(16742)
Interest and other borrowing costs paid	(26487)	(20140)
Net cash used in financing activities (C)	**(134417)**	**(92878)**
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	6651	(58480)
Cash and cash equivalents at the beginning of the year	37501	95819
Cash and cash equivalents acquired during the year (Refer Note 3 below)	-	284
Cash and cash equivalents derecognised during the year (Refer Note 4 below)	(3128)	-
Exchange gain/ (loss) on cash and cash equivalents	25	(122)
Cash and cash equivalents at the end of the year	**41049**	**37501**
Notes:		
1. Cash Flow Statement has been prepared under the Indirect method as set out in the Accounting Standard 3 on Cash Flow Statements. Cash and cash equivalents in the Cash Flow Statement comprise cash at bank and in hand, demand deposits and cash equivalents which are short-term and held for the purpose of meeting short-term cash committments.		
2. Reconciliation of Cash and cash equivalents at the end of the year with Cash and bank balances as per Note 17:		
Cash and bank balances as per Note 17	47216	53459
Less: Balances in earmarked accounts		
- Dividend accounts	1394	1224
- Bonus debenture redemption and interest accounts	896	-
- Escrow account (Refer Note 26)	2225	11301
- Margin money/ deposit accounts	1652	3433
Cash and cash equivalents at the end of the year	**41049**	**37501**
3. During the previous year, the Group acquired 53.62% and 100% equity shares of Liberty Phosphate Limited (LPL) and Liberty Urvarak Limited (LUL) respectively. Purchase of non-current investments includes an amount of ₹ 22746 lakhs (net of indemnity amounts held back) paid for the acquisition of LPL and LUL (Refer Note 26).		
4. Represents cash balances derecognised during the year on discontinuation of proportionate consolidation of TIFERT. Refer Note 44(a)		

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: 12 May 2014

For and on behalf of the Board of Directors

Kapil Mehan
Managing Director

A. Vellayan
Chairman

S. Sankarasubramanian
Chief Financial Officer

P. Varadarajan
Company Secretary

(₹ in Lakhs)

Note 1: Share capital	As at 31 March 2014	As at 31 March 2013
Authorised		
35,00,00,000 (2013: 35,00,00,000) equity shares of ₹ 1/- each	3500	3500
50,00,000 Cumulative redeemable preference shares of ₹ 10/- each	500	-
Total	**4000**	**3500**
Issued, subscribed and fully paid up		
28,31,81,822 (2013: 28,30,57,818) equity shares of ₹ 1/- each	2832	2831

Notes:

(i) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year:

(a) Equity shares:

	Year ended 31 March 2014		Year ended 31 March 2013	
	Number	₹ in lakhs	Number	₹ in lakhs
Per last Balance Sheet	283057818	2831	282569542	2826
Add: Equity shares allotted pursuant to exercise of stock options	124004	1	488276	5
Balance at the end of the year	283181822	2832	283057818	2831

(b) Preference shares:

	Year ended 31 March 2014		Year ended 31 March 2013	
	Number	₹ in lakhs	Number	₹ in lakhs
Per last Balance Sheet	-	-	-	-
Add: On Amalgamation (Refer Note 26)	5000000	500	-	-
Less: Redeemed during the year (Refer Note 26)	5000000	500	-	-
Balance at the end of the year	-	-	-	-

(ii) Rights, preferences and restrictions relating to each class of share capital:

Equity shares: The Company has one class of equity shares having a face value of ₹ 1/- each. Each shareholder is eligible for one vote per share held. The dividend 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.

Cumulative redeemable preference shares: The Company has a class of cumulative redeemable preference shares having face value of ₹ 10/- each with such rights, privileges and conditions respectively attached thereto as may be from time to time confirmed by the regulations of the Company. Pursuant to the Scheme of Amalgamation (Refer Note 26) the cumulative redeemable preference shares carry cumulative dividend of 8% per annum in relation to capital paid upon them and are on original terms and conditions in which they were issued by erstwhile Liberty Phosphate Limited, the amalgamating company.

(iii) As at 31 March 2014, E.I.D Parry (India) Limited (Holding Company) held 17,71,55,580 (2013: 17,71,55,580) equity shares of ₹ 1/- each fully paid-up representing 62.56% (2013: 62.59%) of the paid-up capital. There are no other shareholders holding more than 5% of the issued capital.

(iv) As at 31 March 2014, shares reserved for issue under the 'ESOP 2007' scheme is 93,98,050 (2013: 95,22,054) equity shares of ₹ 1/- each (refer Note 29).

(v) Details of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceeding the reporting date:

1,20,37,182 equity shares of ₹ 2/- each fully paid up were allotted to the shareholders of Godavari Fertilisers and Chemicals Limited in the ratio of 3 shares of the Company for every 2 shares of Godavari Fertilisers and Chemicals Limited pursuant to the Scheme of Amalgamation between Godavari Fertilisers and Chemicals Limited and the Company during the year ended 31 March 2008.

(₹ in Lakhs)

Note 1A: Share capital suspense	As at 31 March 2014	As at 31 March 2013
25,74,193 equity shares of ₹ 1/- each fully paid-up to be issued to the members of erstwhile Liberty Phosphate Limited (LPL) pursuant to the Amalgamation of LPL with the Company (Refer Note 26)	**26**	**-**

Consolidated Notes *(Contd.)*

(₹ in Lakhs)

Note 2: Reserves and surplus	As at 31 March 2014	As at 31 March 2013
(i) Capital reserve (on Amalgamation)		
Per last Balance Sheet	13602	13602
Less: Utilised during the year (Refer Note 26)	13565	-
	37	**13602**
(ii) Capital reserve		
Per last Balance Sheet	19	19
Add: On consolidation of subsidiary	107	-
	126	**19**
(iii) Capital redemption reserve		
Per last Balance Sheet	486	486
Add: Transfer from general reserve (Refer Note 26)	500	-
	986	**486**
(iv) Securities premium account		
Per last Balance Sheet	7549	7295
Add: On amalgamation (Refer Note 26)	1255	-
Received on exercise of employee stock options	56	254
	8860	**7549**
(v) Debenture redemption reserve		
Per last Balance Sheet	2553	-
Created during the year	-	2553
Less: Transferred to surplus in Consolidated Statement of Profit and Loss (Refer Note 42)	2553	-
	-	**2553**
(vi) Central subsidy		
Per last Balance Sheet	**11**	**11**
(vii) Foreign currency translation reserve		
Per last Balance Sheet	2570	2069
Add: Movement during the year (net)	1338	501
	3908	**2570**
(viii) Hedging reserve account		
Created during the year	(967)	-
Add: Effect of foreign exchange rate variations on hedging instruments outstanding at the end of the year	-	-
Transferred to Consolidated Statement of Profit and Loss	967	-
	-	-
(ix) General reserve		
Per last Balance Sheet	140496	164801
Add: Transferred from surplus in Consolidated Statement of Profit and Loss	25000	25000
Less: Utilised during the year for:		
Adjusted on amalgamation (net) (Refer Note 26)	18437	-
Transfer to capital redemption reserve (Refer Note 26)	500	-
Issue of fully paid bonus debentures of ₹ 15/- each (Refer Note 42)	-	42423
Dividend distribution tax on issue of bonus debentures (Refer Note 42)	-	6882
	146559	**140496**

Consolidated Notes *(Contd.)*

(₹ in Lakhs)

Note 2: Reserves and surplus (Contd.)	As at 31 March 2014	As at 31 March 2013
(x) Surplus in the Consolidated Statement of Profit and Loss		
Per last Balance Sheet	49555	48940
Add: Profit for the year	35654	43199
On amalgamation (Refer Note 26)	17039	-
Transferred from debenture redemption reserve (Refer Note 42)	2553	-
Less: Transferred to debenture redemption reserve (Refer Note 42)	-	2553
Transferred to general reserve	25000	25000
Interim dividend on equity shares of the Company (2013: includes ₹ 7 lakhs on final dividend for 2011-2012)	-	7
Proposed final dividend on equity shares of the Company	12859	12738
Dividend on preference shares of a subsidiary	38	40
Dividend distribution tax [includes ₹ (80) lakhs on final dividend of a subsidiary for 2012-13 (2013: includes ₹ 1 lakh on final dividend for 2011-2012)]	2112	2246
	64792	**49555**
(i)+(ii)+(iii)+(iv)+(v)+(vi)+(vii)+(viii)+(ix)+(x)	**225279**	**216841**
Less: Amalgamation adjustment account	**(15)**	**(15)**
	225264	**216826**

Note 3: Long-term borrowings		
Secured		
Term Loans		
Banks	26685	67258
Others	-	5
	26685	67263
Unsecured		
9% Unsecured redeemable non-convertible fully paid bonus debentures of ₹ 15/- each	-	42423
	26685	**109686**

Notes:

(i) The term loans from banks comprise of External Commercial Borrowings (ECB) secured by Paripassu charge on fixed assets of Visakhapatnam and Kakinada plants and rupee loans secured by way of first charge on certain movable and immovable SSP plant's related assets of the Company. The ECB's carry interest rates with spread ranging 170 bps to 215 bps over 3 months LIBOR and are repayable over the next four years and have been fully hedged for exchange and interest rates. Long-term rupee loans carry interest of 2.85% above base rate and are repayable over next two years.

(ii) 9% Unsecured redeemable non-convertible fully paid bonus debentures have been prepaid and redeemed at par during the year. (Refer Note 42)

(iii) The borrowings amounting to ₹ Nil (2013: ₹ 1090 lakhs), including current maturities, were availed by CFL Mauritius Limited and were secured by 100% corporate guarantee from the Company. A negative lien was created over the investments made by it in Foskor (Proprietary) Limited, upto 10% of equity shares of Foskor (Proprietary) Limited.

(iv) Term loans availed by Sabero Organics Gujarat Limited, a subsidiary, amounting to ₹ 8390 lakhs (2013: ₹ 9660 lakhs), including current maturities, are secured by way of first pari-passu charge on entire fixed assets and second pari-passu charge on the entire current assets of the subsidiary.

(v) Foreign currency term loans from banks including lease obligations availed by TIFERT amounting to ₹ Nil (2013: ₹ 25191 lakhs) are secured by first charge on all assets of the project. These are further secured by Corporate guarantee issued and pledge of ordinary shares held in TIFERT.

Consolidated Notes *(Contd.)*

Note 4: Deferred tax liabilities (net)

(₹ in Lakhs)

	As at 31 March 2014	As at 31 March 2013
Deferred tax liability:		
On account of depreciation	23576	23255
Deferred tax asset:		
On employees separation and retirement costs	724	714
On provision for doubtful trade and other receivables, loans and advances	1129	782
On statutory dues allowable on payment basis	422	373
On unabsorbed business losses	1799	1380
Other timing differences	606	1238
	4680	4487
Deferred tax liabilities (net)	**18896**	**18768**

Note 5: Other long-term liabilities

Security deposits	3009	3027
	3009	**3027**

Note 6: Long-term provisions

Gratuity	175	375
Compensated absences	1096	1003
Other employee benefits	453	462
	1724	**1840**

Note 7: Short-term borrowings

Loans repayable on demand from banks		
Secured	65196	23973
Unsecured	51930	146357
Short-term loans from banks		
Secured	1853	4197
Unsecured	21450	2500
	140429	**177027**

Notes:

(i) Secured short-term borrowings comprises working capital demand loans, buyers credit denominated in foreign currency and cash credit balances secured by a pari-passu charge of stock of raw materials, work-in-process, finished goods, stores and spare parts and book debts including subsidy receivables of the Company. Further, certain short-term borrowings are secured by first pari-passu charge on certain movable and immovable assets of the Company; certain cash credit and working capital demand loans are further secured by way of second pari-passu charge on certain movable fixed assets of the Company. Charge is yet to be created by the Company in respect of short term borrowing availed from SBI led consortium amounting ₹ 667 lakhs against Company's subsidy receivables. In case of Sabero Organics Gujarat Limited, subsidiary, the borrowings are secured by a first pari-passu charge on the entire current assets (including hypothecation of stock and book debts) both present and future and second pari-passu charge on all the fixed assets of the subsidiary.

(ii) Unsecured loans repayable on demand comprises buyers credit denominated in foreign currency loans, rupee loans availed from banks. and commerical paper.

Consolidated Notes *(Contd.)*

Note 8: Trade payables

(₹ in Lakhs)

	As at 31 March 2014	As at 31 March 2013
Acceptances	129975	140347
Other than acceptances	140835	99790
	270810	**240137**

Note 9: Other current liabilities

Current maturities of long-term debt (Refer Note (i) below)	17172	7870
Interest accrued but not due on borrowings	734	3267
Interest accrued but not due on others	1943	610
Advances from customers	2477	2632
Unclaimed dividends (Refer Note (iii) below)	1394	1229
Unclaimed bonus debentures and interest (Refer Note (iii) below)	852	-
Security and trade deposits received	8585	8074
Payables on purchase of fixed assets	1730	7510
Other liabilities (including statutory remittances) (Refer Note (ii) below)	15826	11159
	50713	**42351**

Notes:

(i) Refer Note 3 - Long-term borrowings for details of security.

(ii) Other liabilities also include indemnity amounts aggregating ₹ 2225 lakhs (2013: ₹ 2254 lakhs) held back in accordance with the share purchase agreements in respect of acquisitions (Refer Note 26) and other amounts payable on contractual terms ₹ 10199 lakhs (2013: ₹ 1270 lakhs)

(iii) There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

Note 10: Short-term provisions

Employee benefits	495	429
Current tax (net of advance tax)	1966	2672
Proposed dividend on equity shares	12859	12738
Proposed dividend on cumulative redeemable preference shares	38	-
Tax on proposed dividend	2192	2245
	17550	**18084**

Consolidated Notes *(Contd.)*

Note 11 (a): Tangible assets

(₹ in Lakhs)

Description	COST or VALUATION						DEPRECIATION / AMORTISATION						NET BOOK VALUE	
	As at 1 April 2013	Acquisition (see Note(e) below)	Additions	Deductions/ Adjustments	Effect of translation	As at 31 March 2014	Upto 1 April 2013	Acquisition (see Note(e) below)	For the year	On Deductions/ Adjustments	Effect of translation	Upto 31 March 2014	As at 31 March 2014	As at 31 March 2013
Land														
- Freehold	26363	-	320	(18)	-	26701	-	-	-	-	-	-	26701	26363
- Leasehold	3430	-	520	119	-	3831	332	-	47	(4)	-	383	3448	3098
Buildings	22138	-	2038	753	-	23423	4228	-	633	168	-	4693	18730	17910
Roads	1465	-	196	-	-	1661	242	-	27	(1)	-	270	1391	1223
Railway siding	2540	-	93	7	-	2626	391	-	114	6	-	499	2127	2149
Plant and equipment														
- Research & development	759	-	111	18	-	852	169	-	91	14	-	246	606	590
- Others	144575	-	6243	1101	(1)	149716	62081	-	7341	1037	-	68385	81331	82494
Office equipment														
- Research & development	7	-	-	-	-	7	6	-	-	-	-	6	1	1
- Others	3789	-	407	65	-	4131	2604	-	486	76	-	3014	1117	1185
Furniture and fixtures														
- Research & development	26	-	-	-	-	26	8	-	3	-	-	11	15	18
- Others	3270	-	111	59	-	3322	2183	-	375	43	-	2515	807	1087
Vehicles	2091	-	254	234	-	2111	1247	-	265	121	-	1391	720	844
Total	**210453**	**-**	**10293**	**2338**	(1)	**218407**	**73491**	**-**	**9382**	**1460**	**-**	**81413**	**136994**	**136962**
Previous year	**159600**	**9288**	**44498**	**2912**	**(21)**	**210453**	**66723**	**2296**	**6937**	**2458**	**(7)**	**73491**	**136962**	
Capital work-in-progress													7440	42008

Notes:

(a) Additions to fixed assets include interest capitalised. Refer Note 35

(b) Lease deed in respect of land admeasuring 9.80 acres taken on lease from Visakhapatnam Port Trust by the erstwhile Godavari Fertilisers and Chemicals Limited is pending execution.

(c) Additions to fixed assets include assets taken over pursuant to acquisition of business undertaking of Tungabhadra Fertilisers and Chemicals Company Limited on slump sale basis. Refer Note 27

(d) Immovable properties taken over pursuant to the Scheme of Amalgamation of Liberty Phosphate Limited and Liberty Urvarak Limited are to be registered in the name of the Company. Refer Note 26

(e) Assets taken over during the previous year on acquisition of subsidiaries. Refer Note 26

Note 11(b): Intangible assets

(₹ in Lakhs)

Description	COST or VALUATION						DEPRECIATION / AMORTISATION						NET BOOK VALUE	
	As at 1 April 2013	Acquisition (see Note(e) above)	Additions	Deductions/ Adjustments	Effect of translation	As at 31 March 2014	Upto 1 April 2013	Acquisition (see Note(e) above)	For the year	On Deductions/ Adjustments	Effect of translation	Upto 31 March 2014	As at 31 March 2014	As at 31 March 2013
Technical know-how	725	-	-	-	-	725	143	-	90	-	-	233	492	582
Product development	1364	-	57	-	-	1421	252	-	112	-	14	378	1043	1112
Software	149	-	2	6	-	145	83	-	24	-	(9)	98	47	66
Total	**2238**	**-**	**59**	**6**	**-**	**2291**	**478**	**-**	**226**	**-**	**5**	**709**	**1582**	**1760**
Previous year	**2327**	**-**	**118**	**206**	**(1)**	**2238**	**319**	**-**	**174**	**15**	**-**	**478**	**1760**	
Depreciation and amortisation expense for the year									**9608**					
Previous year									*7111*					

Consolidated Notes *(Contd.)*

Previous year: 2012-13

Note 11(a): Tangible assets **(₹ in Lakhs)**

Description	COST or VALUATION						DEPRECIATION / AMORTISATION						NET BOOK VALUE	
	As at 1 April 2012	Acquisition	Additions	Deductions/ Adjustments	Effect of translation	As at 31 March 2013	Upto 1 April 2012	Acquisition	For the year	On Deductions/ Adjustments	Effect of translation	Upto 31 March 2013	As at 31 March 2013	As at 31 March 2012
Land														
- Freehold	26001	528	-	166	-	26363	-	-	-	-	-	-	26363	26001
- Leasehold	2032	1402	-	-	(4)	3430	276	28	28	-	-	332	3098	1756
Buildings	14747	3199	4205	8	(5)	22138	3176	587	468	2	(1)	4228	17910	11571
Roads	860	-	606	1	-	1465	225	-	17	-	-	242	1223	635
Railway siding	724	-	1821	5	-	2540	360	-	36	5	-	391	2149	364
Plant & equipment														
- Research & development	599	18	142	-	-	759	108	14	47	-	-	169	590	491
- Others	106582	3636	36772	2408	(7)	144575	57724	1374	5204	2216	(5)	62081	82494	48858
Office equipment														
- Research & development	7	-	-	-	-	7	5	-	1	-	-	6	1	2
- Others	3385	122	406	122	(2)	3789	2255	88	372	111	-	2604	1185	1130
Furniture & fixtures														
- Research & development	26	-	-	-	-	26	5	-	3	-	-	8	18	21
- Others	2821	138	355	44	-	3270	1633	72	496	18	-	2183	1087	1188
Vehicles	1816	245	191	158	(3)	2091	956	133	265	106	(1)	1247	844	860
Total	**159600**	**9288**	**44498**	**2912**	**(21)**	**210453**	**66723**	**2296**	**6937**	**2458**	**(7)**	**73491**	**136962**	**92877**
Capital work-in-progress													42008	52671

Note 11(b): Intangible assets

Description	COST or VALUATION						DEPRECIATION / AMORTISATION						NET BOOK VALUE	
	As at 1 April 2012	Acquisition	Additions	Deductions/ Adjustments	Effect of translation	As at 31 March 2013	Upto 1 April 2012	Acquisition	For the year	On Deductions/ Adjustments	Effect of translation	Upto 31 March 2013	As at 31 March 2013	As at 31 March 2012
Technical know-how	733	-	-	8	-	725	56	-	89	2	-	143	582	677
Product development	1465	-	97	198	-	1364	207	-	58	13	-	252	1112	1258
Software	129	-	21	-	(1)	149	56	-	27	-	-	83	66	73
Total	**2327**	**-**	**118**	**206**	**(1)**	**2238**	**319**	**-**	**174**	**15**	**-**	**478**	**1760**	**2008**
Depreciation and amortisation expense for the year 2012-13									**7111**					

Consolidated Notes *(Contd.)*

(₹ in Lakhs)

Note 12: Non-current investments (At cost unless otherwise stated)		As at 31 March 2014	As at 31 March 2013
I.	**Trade - unquoted**		
	Prathyusha Chemicals and Fertilisers Limited		
	10,01,000 (2013: 10,01,000) Equity shares of ₹ 10/- each, fully paid-up	143	143
	Less: Provision for diminution in value [Refer Note (i) below]	141	141
		2	2
	Indian Potash Limited	5	5
	90,000 (2013: 90,000) Equity shares of ₹ 10/- each, fully paid-up		
	Foskor (Pty) Limited	16440	14903
	12,82,070 (2013: 12,82,070) Ordinary shares of South African Rand 1 each fully paid-up		
	Murugappa Management Services Limited	73	73
	16,139 (2013: 16,139) Equity shares of ₹ 100/- each fully paid up		
	Bharuch Enviro Infrastructure Limited	2	2
	16,100 (2013: 16,100) Equity shares of ₹ 10/- each, fully paid-up		
	Bharuch Eco Aqua Infrastructure Limited	28	28
	2,75,000 (2013: 2,75,000) Equity shares of ₹ 10/- each, fully paid-up		
	A.P.Gas Power Corporation Limited	8300	754
	53,92,160 (2013: 13,40,000) Equity shares of ₹ 10 each fully paid-up		
	Tunisian Indian Fertilisers S.A.	8514	-
	33,75,000 Ordinary shares of Tunisian Dinars (TND) 10 each, fully paid up [Refer Note (iv) below]		
	Nandesari Environment Control Limited	*	*
	400 (2013: 400) Equity shares of ₹ 10 each, fully paid-up		
		33364	**15767**
II.	**Trade - Quoted**		
	Rama Phosphate Limited	**10**	**10**
	13,719 (2013: 13,719) Equity shares of ₹ 10 each fully paid-up		
III.	**Other investments - Quoted**		
	Coromandel Engineering Company Limited	**500**	**-**
	25,00,100 Equity shares of ₹ 10 each fully paid-up		
IV.	**Other investments - Unquoted**		
	Faering Capital India Evolving Fund	**284**	**192**
	28,427 (2013: 19,225) Units of ₹ 1,000/- each, fully paid-up		
	Sabero Organics Philippines Asia Inc. - Associate	*	-
	318 Equity shares of PHP$100/- each fully paid-up		
	Total Non-current investments (I+II+III+IV)	**34158**	**15969**
	*less than a lakh		

Notes:

(i) Aggregate amount of provision made for other than temporary diminution ₹ 141 lakhs (2013: ₹ 141 lakhs).

(ii) Aggregate market value of listed and quoted investments and carrying cost thereof is ₹ 962 lakhs (2013: ₹ 7 lakhs) and ₹ 510 lakhs (2013: ₹ 10 lakhs) respectively.

(iii) Aggregate carrying cost of unquoted investments is ₹ 33648 lakhs (2013: ₹ 15959 lakhs).

(iv) The Ordinary shares of Tunisian Indian Fertilisers S.A., Tunisia (TIFERT) held by the Company have been pledged to secure the obligations of TIFERT to their lenders. Further, refer Note 44(a).

Consolidated Notes *(Contd.)*

(₹ in Lakhs)

Note 13: Long-term loans and advances (Unsecured and considered good)	As at 31 March 2014	As at 31 March 2013
Capital advances	855	1349
Minimum Alternate Tax (MAT) credit	749	3181
Advance income tax	291	-
Deposits	3080	3140
Loans and advances to related parties* (Refer Note 37)	-	2168
Others*	2793	291
	7768	**10129**

* includes loan amounting ₹ 2551 lakhs to TIFERT which is compulsorily convertible to equity shares at the end of three years from November 2012, reclassified under 'others' in the current year. Refer Note 44(a).

Note 14: Current investments
(At lower of cost and fair value)

Quoted		
Ashnoor Textile Mills Limited	*	*
238 (2013: 238) Equity shares of ₹ 10/- each, fully paid-up		
I G Petrochemicals Limited	4	4
13,000 (2013: 13,000) Equity shares of ₹ 10/- each, fully paid-up		
Canara Robecco Gold Saving Fund	14	14
1,49,284.652 (2013: 1,38,949.49) Units of ₹ 10/- each		
Unquoted		
UTI Master Shares	*	*
1,000 (2013: 1,000) Shares of ₹ 10/- each, fully paid-up		
Government securities	1	1
	19	**19**

Notes:

* less than a lakh

- Aggregate market value and carrying cost of quoted investments is ₹ 18 lakhs (2013: ₹ 18 lakhs) and ₹ 18 lakhs (2013: ₹ 18 lakhs) respectively
- Aggregate carrying cost of unquoted investments is ₹ 1 lakh (2013: ₹ 1 lakh)

Note 15: Inventories

Raw materials**	60546	53889
Raw materials in-transit**	18704	7087
Work-in-process**	1826	1308
Finished goods**	61612	51937
Stock-in-trade**	25878	26099
Packing materials*	2510	2858
Stores and spare parts*	4212	4576
	175288	**147754**

* At cost or under

** At cost or net realisable value, whichever is lower

Consolidated Notes *(Contd.)*

Note 16 : Trade receivables

(Considered good, unless otherwise stated)

(₹ in Lakhs)

	As at 31 March 2014	As at 31 March 2013
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured	1555	730
Unsecured	25256	5342
Unsecured, considered doubtful	3178	2578
	29989	8650
Less: Provision for doubtful trade receivables	3178	2578
(A)	26811	6072
Other trade receivables		
Secured	4379	4688
Unsecured	117155	171249
(B)	121534	175937
(A+B)	**148345**	**182009**

Note 17 : Cash and bank balances

Cash and cash equivalents		
Cash on hand	171	47
Balances with banks:		
On Current accounts	21333	21044
On Deposit accounts	19545	16410
	41049	**37501**
Other bank balances		
In earmarked accounts:		
Dividend accounts	1394	1224
Bonus debenture redemption and interest accounts	896	-
Escrow accounts [Refer note (ii) below]	2225	11301
Margin money/ deposit accounts [Refer note (iii) below]	1652	3433
	6167	**15958**
	47216	**53459**

Notes:

(i) Cash and cash equivalents as above meet the definition of cash and cash equivalents as per AS 3 'Cash Flow Statements'.

(ii) Represents ₹ Nil (2013: ₹ 9047 lakhs) in escrow account for open offer of the Company made to the shareholders of erstwhile Liberty Phosphate Limited (LPL) and indemnity amounts aggregating ₹ 2225 lakhs (2013: ₹ 2254 lakhs) held back in accordance with the share purchase agreements in respect of acquisitions (Refer Note 26).

(iii) Margin money/ deposit accounts includes ₹ 113 Lakhs (2013: ₹ 373 lakhs) deposits which have a original maturity of more than 12 months and ₹ 63 lakhs (2013: ₹ Nil) given as first pari-passu charge to consortium member banks against working capital facility.

(₹ in Lakhs)

Note 18: Short-term loans and advances (Unsecured and considered good unless otherwise stated)	As at 31 March 2014	As at 31 March 2013
Advances recoverable in cash or in kind or for value to be received		
Considered good	14757	17532
Considered doubtful	52	260
	14809	17792
Less: Provision for doubtful advances	52	260
	14757	17532
Government subsidies receivable	111225	137558
Loans and advances to related parties (Refer Note 37)	519	581
Minimum Alternate Tax (MAT) credit	4347	7239
Inter-corporate deposits	28500	38500
Others	6072	1560
	165420	**202970**

Note 19: Other current assets

6.20% Fertiliser Companies' Government of India Special Bonds 2022	*	*
10,000 (2013: 10,000) bonds of ₹ 100/- each		
6.65% Fertiliser Companies' Government of India Special Bonds 2023	*	*
5,000 (2013: 5,000) bonds of ₹ 100/- each		
Interest accrued but not due on deposits, loans, others	1417	1259
	1417	**1259**

*less than a lakh

Note 20: Other operating revenue

(₹ in Lakhs)

	For the year ended 31 March 2014	For the year ended 31 March 2013
Service income	190	331
DEPB income/ excise benefits	3490	3167
Provision for doubtful trade receivables and other liabilities no longer required, written back	534	347
Others	2474	2501
	6688	**6346**

Note 21: Other income

Interest on loans/ deposits etc.	5442	5802
Dividend income		
from current investments	457	889
from non-current investments	2	316
Others	175	
	6076	**7007**

Consolidated Notes *(Contd.)*

Note 22: Changes in inventories of finished goods, work-in-process and stock-in-trade

(₹ in Lakhs)

	For the year ended 31 March 2014	For the year ended 31 March 2013
As at 1 April		
Work-in-process	1308	2610
Finished goods	51937	49305
Stock-in-trade	26099	34465
	79344	86380
Add: Stocks on date of acquisition of subsidiaries	-	5501
Add: On acquisition of business undertaking (Refer Note 27)	163	-
Less: As at 31 March		
Work-in-process	1826	1308
Finished goods	61612	51937
Stock-in-trade	25878	26099
	89316	79344
	(9809)	**12537**

Note 23: Employee benefits expense

Salaries, wages and bonus	22844	19272
Contribution to provident and other funds	1927	1526
Staff welfare expenses	2278	2178
	27049	**22976**

Note 24: Finance costs

Interest expense	23321	20510
Other borrowing costs and bank charges	705	506
	24026	**21016**

Note 25: Other expenses

Consumption of stores and spare parts	6367	5561
Power, fuel and water	20710	17392
Rent	2087	1744
Repairs to:		
Buildings	221	405
Machinery	2528	2039
Others	1089	1556
Insurance	523	505
Rates and taxes	1148	767
Increase/ (decrease) in excise duty on finished goods inventory	389	(166)
Freight and distribution	61616	49851
Exchange differences (net)	25743	20557
Loss on sale/scrap of fixed assets (net)	241	226
Provision for doubtful trade and other receivables, loans and advances	738	1621
Trade and other receivables written off	77	2
Miscellaneous expenses	26215	19645
	149692	**121705**

26. Acquisition and Amalgamation of Liberty Phosphate Limited and Liberty Urvarak Limited

(i) Acquisition

During the previous year, consequent to the share purchase agreement entered into by the Company with the erstwhile promoters of Liberty Phosphate Limited (LPL), the Company on 7 March 2013 acquired 70,19,406 equity shares (representing 48.62%) from the erstwhile promoters of LPL at a price of ₹ 241/- per share. Effective 7 March 2013, the Board of Directors of LPL was reconstituted and LPL became a subsidiary of the Company. Further, in accordance with the share purchase agreement entered into during the previous year by the Company with the shareholders of Liberty Urvarak Limited (LUL), the Company acquired 29,97,552 (100%) equity shares of LUL for a consideration of ₹ 7800 lakhs thereby making LUL a wholly owned subsidiary of the Company. LUL held 5% of the voting share capital of LPL.

On receipt of necessary approvals from SEBI and in accordance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the Company has during the current year, acquired 37,53,933 equity shares (26% of the equity share capital) of LPL at a price of ₹ 241/- per share in the Open offer made to the public shareholders of LPL. With this acquisition, the Company held 1,14,96,267 equity shares representing 79.62% of the equity share capital of LPL, including 7,22,928 shares (5%) held by Liberty Urvarak Ltd., a wholly owned subsidiary of the Company.

(ii) Amalgamation

LPL and LUL are engaged in the business of manufacture and sale of fertilisers predominantly, Single Super Phosphate (SSP).

During the year, the Board of Directors of the Company, LPL and LUL in their respective meetings held on 28 September 2013 approved a Scheme of Amalgamation under Sections 391 and 394 of the Companies Act, 1956 ('the Scheme') for amalgamation of LPL and LUL with the Company. Pursuant to the Scheme sanctioned by the Hon'ble High Court of Judicature of Andhra Pradesh ('AP') vide its order dated 7 April 2014 and by the Hon'ble High Court of Judicature of Gujarat vide its order dated 24 April 2014, the entire business undertaking of LPL and LUL including all assets and properties, debts, liabilities and duties and obligations have been transferred to and vested in the Company, retrospectively with effect from 1 April 2013 (the Appointed Date as per the Scheme). The certified copies of the aforesaid High Court Orders have been filed with the respective Registrar of Companies and the Scheme has been given effect to in these financial statements.

In terms of the Scheme, on the record date to be fixed, the Company is required to allot 25,74,193 equity shares of ₹ 1 each as fully paid up to the public shareholders of LPL in the proportion of 7 equity shares of ₹ 1 each in the Company for every 8 equity shares of ₹ 10 each held in LPL. LUL being a wholly-owned subsidiary of the Company, no equity shares will be issued. The equity shares held by the Company in LPL totaling 1,14,96,267 and LUL totaling 29,97,552 shall accordingly get extinguished and annulled.

Further, in terms of the Scheme, the Company was required to allot 8% Cumulative Redeemable Preference Shares ('CRPS') of ₹ 10/- each to every preference shareholder of LPL in proportion of 1 preference share of ₹ 10/- each of the Company for every 1 preference share of ₹ 10/- each in LPL and on sanction of the Scheme, the Authorised share capital of the Company automatically stands increased. The Board of Directors of LPL in their meeting held on 21 January 2014 decided for early redemption of CRPS as per its terms.

The amalgamation has been accounted under the 'Pooling of interests method' as prescribed under Accounting Standard 14 'Accounting for Amalgamations' (AS 14). Accordingly, the assets, liabilities and reserves of LPL and LUL as at 1 April 2013 have been taken over at their book values (after making adjustments for adoption of uniform accounting policies) and in the same form.

Consolidated Notes *(Contd.)*

Details of the summarized values of assets and liabilities of LPL and LUL as acquired pursuant to the Scheme and the treatment of the difference between the net assets acquired and cost of investments of the Company together with the shares issued to the shareholders of LPL are as under:

(Amount in ₹ lakhs)

	Appointed date 1 April 2013
Fixed assets (net)	8436
Other non-current assets	917
Cash and bank balances	2955
Inventories	11828
Other current assets	19106
Total assets	**43242**
Deferred tax liabilities (net)	1144
Other non-current liabilities	1030
Current liabilities	19718
Total liabilities	**21892**
Net assets acquired	**21350**
Less: Equity share capital to be issued (Refer Note 1A)	26
Less: Preference shares*	500
Less: Value of investments held by Company**	34532
Balance adjusted against reserves	**(13708)**

* During the year, LPL has redeemed the preference shares at par and accordingly an amount of ₹ 500 lakhs has been transferred to the Capital redemption reserve

** Including shares acquired during the current year in the Open offer made to the public shareholders of LPL and adjusted for dividend paid by LPL

Details of amount adjusted against reserves:

	Amount in ₹ lakhs
Capital reserve (on amalgamation)	(13565)
General reserve (net of ₹ 813 lakhs taken over)	(18437)
Securities premium account (taken over)	1255
Statement of Profit and Loss (taken over)	17039
	(13708)

In view of the aforesaid amalgamation with effect from 1 April 2013, the figures of the current year are not strictly comparable with those of the previous year.

27. Acquisition of business undertaking of Tungabhadra Fertilisers and Chemicals Company Limited on slump sale basis

During the year, the Company entered into a Business Transfer Agreement ('BTA') and acquired the Business undertaking of M/s. Tungabhadra Fertilisers and Chemicals Company Limited (TFCCL), as a going concern on a slump sale basis for a consideration of ₹ 1163 lakhs.

28. Merger of Sabero Organics Gujarat Limited ("Sabero")

The Board of Directors of the Company and its subsidiary, Sabero Organics Gujarat Limited ("Sabero"), in their meetings held on 24 January 2014 approved a Scheme of Amalgamation under Sections 391 and 394 of the Companies Act, 1956 ('the Scheme') for amalgamation of Sabero with the Company subject to the approvals of the stock exchanges, the respective shareholders and creditors, the concerned High Courts and other regulators. The Company has received their no-objection to the Scheme from the stock exchanges and has filed application before the concerned High Courts for convening the shareholders and creditors meetings.

As per the Scheme, the Appointed/ Transfer date for amalgamation is 1 April 2014 and on the Record Date to be fixed after receipt of all approvals, the public shareholders of Sabero shall be issued 5 equity shares of ₹ 1 each in the Company for every 8 equity shares of ₹ 10 each held in Sabero. The shares held by the Company in Sabero shall accordingly get extinguished.

Consolidated Notes *(Contd.)*

29. Employee Stock Option Plan – ESOP 2007

a) Pursuant to the decision of the shareholders, at their meeting held on 24 July 2007, the Company had established an 'Employee Stock Option Scheme 2007' ('ESOP 2007' or 'the Scheme') to be administered by the Remuneration and Nomination Committee of the Board of Directors.

b) Under the Scheme, options not exceeding 1,27,85,976 equity shares of ₹ 1/- each have been reserved to be issued to the eligible employees, with each option conferring a right upon the employee to apply for one equity share. The options granted under the Scheme would vest not less than one year and not more than five years from the date of grant of the options. The options granted to the employees would be capable of being exercised within a period of three years from the date of vesting. In partial modification of the special resolution passed establishing ESOP 2007, the shareholders decided in their meeting held on 23 July 2012 to approve the extending of the exercise period of options granted under the ESOP 2007 from three years to six years.

c) The exercise price of the option is equal to the latest available closing market price of the shares on the stock exchange where there is highest trading volume as on the date prior to the date of the Remuneration and Nomination Committee resolution approving the grant.

d) Pursuant to the Scheme, the Company granted options which vest over a period of four years commencing from the respective dates of grant. The exercise price being equal to the closing market price prevailing on the date prior to the date of grant, there is no deferred compensation cost to be accrued in this regard.

e) The following are the number of options outstanding during the year:

	For the year ended 31 March 2014		For the year ended 31 March 2013	
	No. of Options	Weighted average exercise price (₹)	No. of Options	Weighted average exercise price (₹)
At the beginning of the year	27,01,440	228.12	33,01,780	200.55
Granted	-	-	-	-
Exercised	124,004	45.91	488,276	53.08
Cancelled	176,260	294.98	106,024	185.34
Lapsed	-	-	6,040	59.95
At the end of the year	24,01,176	232.62	27,01,440	228.12

f) The above outstanding options have been granted in various tranches, at exercise price being equal to the closing market price prevailing on the date prior to the date of grant. The outstanding options have a weighted average remaining life of 1.55 years (2013: 2.24 years).

g) Number of options exercisable at the end of the year 18,09,036 (2013: 15,20,110).

Consolidated Notes *(Contd.)*

h) In accordance with the requirements of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on "Accounting for Employee Share Based Payments" issued by the ICAI, had the compensation cost for the employee stock option plan been recognised based on the fair value at the date of grant in accordance with the Black Scholes' model, the proforma amounts of the Group's Net Profit and Earnings Per Share would have been as follows:

	For the year ended 31 March 2014	For the year ended 31 March 2013
Profit after tax as reported (₹ in lakhs)	35654	43199
Less: Dividend on cumulative redeemable preference shares (including dividend tax)	45	-
Amount available to equity shareholders	35609	43199
Add: ESOP cost using intrinsic value method	-	-
Less: ESOP cost using fair value method	357	757
Proforma profit after tax	35252	42442
Earnings Per Share		
Basic		
- No. of Shares [adjusted for equity shares to be issued (Refer Note 26)]	28,56,99,820	28,28,33,774
- EPS as reported (₹)	12.46	15.27
- Proforma EPS (₹)	12.34	15.01
Diluted		
- No. of shares	28,62,84,398	28,36,94,900
- EPS as reported (₹)	12.44	15.23
- Proforma EPS (₹)	12.31	14.96

The following assumptions were used for calculation of fair value of grants:

	For the Year ended 31 March 2014	For the Year ended 31 March 2013
Dividend yield (%)	700	700
Expected volatility (%)	0.39-0.47	0.39-0.47
Risk free interest rate (%)	8.0	8.0
Expected term (in years)	4-6	4-6

Consolidated Notes *(Contd.)*

30. Earnings per Share

		For the Year ended 31 March 2014	For the Year ended 31 March 2013
i)	Profit after tax (₹ in lakhs)	35654	43199
ii)	Less: Dividend on cumulative redeemable preference shares (including dividend tax) (₹ in lakhs)	45	-
iii)	Amount available to equity shareholders (₹ in lakhs) [a]	35609	43199
Basic			
iv)	Weighted average number of equity shares of ₹ 1/- each outstanding during the year [adjusted for equity shares to be issued (Refer Note 26)] [b]	28,56,99,820	28,28,33,774
Dilution			
v)	Effect of potential equity shares on employees stock options outstanding	5,84,578	8,61,126
vi)	Weighted average number of equity shares of ₹ 1/- each outstanding during the year [c]	28,62,84,398	28,36,94,900
Earnings Per Share			
vii)	Basic – [a]/[b] – (₹)	12.46	15.27
viii)	Diluted – [a]/[c] – (₹)	12.44	15.23

31. Contingent liabilities (to the extent not provided for)

a) Guarantees:

(i) The Company has provided guarantee to third parties on behalf of its subsidiary CFL Mauritius Limited – ₹ Nil (2013: ₹ 7168 lakhs) in respect of which the contingent liability is ₹ Nil (2013: ₹ 1098 lakhs).

(ii) The Company has provided a guarantee towards the borrowing of Tunisian Indian Fertilisers S.A., (TIFERT), Company's venture in Tunisia, up to ₹ 31009 lakhs (2013: ₹ 28100 lakhs).

b) Claims against the Group not acknowledged as debt:

(₹ in Lakhs)

	As at 31 March 2014	As at 31 March 2013
In respect of matters under dispute:		
Excise duty	11878	1569
Customs duty	372	-
Sales tax	410	346
Income tax	950	625
Others	1854	2757

The amounts shown in the item (a) represent guarantees given in the normal course of business and not expected to result in any loss to the Group on the basis of the beneficiaries fulfilling their obligations as they arise. The amounts in item (b) represent best estimate and the uncertainties are dependent on the outcome of the legal processes initiated by the Group or the claimant as the case may be.

c) Other money for which the Company is contingently liable in respect of:

(₹ in Lakhs)

		As at 31 March 2014	As at 31 March 2013
(i)	Assignment of receivables from fertiliser dealers and dealer financing by banks	5547	7958
(ii)	Assignment/ sale of subsidy receivables where option to buy-back rests with the Company	-	25000

The Management expects to realise all the amounts reflected above in the normal course of business.

Consolidated Notes *(Contd.)*

32. Commitments

a) Capital commitments

(₹ in Lakhs)

	As at 31 March 2014	As at 31 March 2013
Capital expenditure commitments	3718	4410
Commitment towards investments		
- APGPCL shares purchase (refer note (i) below)	-	11000
- Others (refer note (ii) below)	216	1308

Notes:

(i) Amount for the previous year ₹ 11000 lakhs is in respect of the purchase of equity shares of Andhra Pradesh Gas Power Corporation Ltd. as per the Share Purchase Agreement, entered into with another party.

(ii) Amount for the previous year excludes ₹ 9047 lakhs in respect of the total Open offer consideration relating to erstwhile Liberty Phosphate Limited which has been deposited in an escrow account. (also Refer Note 26)

b) Other commitments

(i) During the previous and in the current year, the Company issued comfort letters to certain banks who have lent to Sabero Organics Gujarat Limited ("Sabero") a subsidiary, in terms of which the Company has undertaken that it shall not reduce its shareholding in the subsidiary below 51%. In connection with the credit rating for the Commercial Paper programme of Sabero, the Company has issued a similar comfort letter (which also includes the assurance of making funds available, if required, to Sabero to enable it to meet its obligation under the aforesaid programme).

(ii) Maximum obligation on long term lease of land - ₹ 167 lakhs (2013: ₹ 174 lakhs).

33. Segment reporting

a) Business segment

The Group has considered business segment as the primary segment for disclosure. The Group is primarily engaged in the manufacture and trading of Farm Inputs, which in the context of Accounting Standard 17 "Segment Reporting" is considered the only business segment.

b) Geographical segment

The Group sells its products mainly within India where the conditions prevailing are uniform. Since the sales outside India are below the threshold limit, no separate geographical segment disclosure is considered necessary.

34. Leases

The Group has entered into certain operating lease agreements and an amount of ₹ 1742 lakhs (2013: ₹ 1602 lakhs) paid under such agreements has been charged to the Consolidated Statement of Profit and Loss. These leases are generally not non-cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by such agreements.

35. Capitalisation of expenditure

Expenses disclosed under the respective notes are net of the following amounts capitalised by the Company under Capital work-in-progress/ fixed assets:

(₹ in Lakhs)

	For the Year ended 31 March 2014	For the Year ended 31 March 2013
Employee benefits expense	-	218
Finance costs (net)	-	1469
Other expenses	*	235

*less than a lakh

Consolidated Notes *(Contd.)*

36. Research and development expense incurred by the Company on the following heads have been accounted under the natural heads:

(₹ in Lakhs)

	For the Year ended 31 March 2014	For the Year ended 31 March 2013
Salaries, wages and bonus	275	259
Contribution to provident and other funds	25	21
Consumption of stores and spare parts	9	22
Power and fuel	17	16
Repairs to machinery	10	2
Miscellaneous expenses	83	71
	419	**391**

37. Related party disclosures

A) Names of the related parties and their relationship:

Names	**Nature of relationship**
E.I.D. Parry (India) Limited	Holding company
Parry Infrastructure Company Private Limited (PICPL)	Fellow subsidiary
Sadashiva Sugars Limited (SSL)	Fellow subsidiary
Parry Sugar Industries Limited (PSIL)	Fellow subsidiary
Coromandel Getax Phosphates Pte Ltd. (CGPL)	Joint venture
Coromandel SQM India Pvt Limited (CSQM)	Joint venture
Tunisian Indian Fertilisers S.A (TIFERT)	Joint venture (upto 31 March 2013) [Refer Note 44(a)]
Mr. Kapil Mehan, Managing Director	Key management personnel

B) Transactions during the year:

(₹ in Lakhs)

	For the Year ended 31 March 2014	For the Year ended 31 March 2013
i) Sale of finished goods/raw materials/services		
a) Holding company	63	34
b) Fellow subsidiary – SSL	34	248
c) Joint venture – CSQM	213	119
ii) Rent received		
a) Fellow subsidiary – PICPL	175	175
iii) Expenses reimbursed by		
a) Holding company	31	22
b) Fellow subsidiary – PSIL	-	18
c) Joint venture – CSQM	18	15
d) Joint venture – TIFERT	-	9
iv) Purchase of finished goods and services		
a) Holding company	396	434
b) Fellow subsidiary - PSIL	-	49
c) Joint venture – CSQM	1312	1543

Consolidated Notes *(Contd.)*

	For the Year ended 31 March 2014	For the Year ended 31 March 2013
v) Expenses reimbursed to		
a) Holding company	296	431
vi) Interest received on Inter-corporate deposit/ loans		
a) Joint venture – TIFERT	-	25
vii) Loans given		
a) Joint venture - TIFERT	-	2168
viii) Dividend Paid		
a) Holding company	7972	5315
ix) Issue/ (redemption) of 9% unsecured redeemable non-convertible fully paid bonus debentures of ₹ 15 each		
a) Holding company	(26573)	26573
x) Interest expense on 9% unsecured redeemable non-convertible fully paid bonus debentures of ₹ 15 each		
a) Holding company	2313	1651
xi) Remuneration to Key management personnel		
a) Mr. Kapil Mehan	249	237

C) Outstanding balances as at the year end

(₹ in Lakhs)

	As at 31 March 2014	As at 31 March 2013
a) Trade receivables/ loans and advances		
- Holding company	71	-
- Fellow subsidiary - SSL	132	63
- Fellow subsidiary – PSIL	16	375
- Fellow subsidiary – PICPL	300	143
- Joint venture – TIFERT	-	2195
b) Trade payables/ other liabilities		
- Holding company	-	1872
- Joint venture - CSQM	408	197
- Fellow subsidiary – PICPL	3000	3000
c) 9% Unsecured redeemable non-convertible fully paid bonus debentures of ₹ 15 each		
- Holding company	-	26573

Notes:

a. The Company has extended guarantees on behalf of CFL Mauritius Limited and TIFERT. Refer Note 31(a).

b. The Company has provided comfort letters to certain banks in respect of Sabero. Refer Note 32(b)

38. Employee benefits

a. Defined benefit plans

The following table sets forth the status of the Gratuity Plan and the Superannuation and other Pension Plans of the Company and certain subsidiaries and the amounts recognised in the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss:

(₹ in Lakhs)

	Gratuity plan		**Superannuation and other pension plans***	
	2013-2014	**2012-2013**	**2013-2014**	**2012-2013**
Change in defined benefit obligation (DBO) during the year				
Present value of DBO at the beginning of the year	3215	2915	8	31
Add: On Amalgamation (Refer Note 26)	149	-	-	-
Add: On acquisition of business (Refer Note 27)	18	-	-	-
Current service cost	332	285	*	*
Interest cost	259	219	1	1
Actuarial loss/(gain)	26	180	(3)	(24)
Benefits paid	(446)	(384)	-	-
Projected benefit obligation at the end of the year	**3553**	**3215**	**6**	**8**
Amounts recognised in the Consolidated Balance Sheet				
Present value of DBO at the end of the year	3553	3215	6	8
Fair value of plan assets at the end of the year	3369	2910	-	-
Funded status of the plans – (asset)/ liability	**184**	**305**	**6**	**8**
Liability recognised in the Consolidated Balance Sheet	**184**	**305**	**6**	**8**
Components of employee expense				
Current service cost	332	285	-	*
Interest cost	259	219	1	1
Expected return on plan assets	(253)	(221)	-	-
Net actuarial (gain)/loss recognised in the period	28	188	(3)	(24)
Past service cost	-	-	-	-
Expense recognised in Consolidated Statement of Profit and Loss	**366**	**471**	**(2)**	**(23)**
Nature and extent of investment details of the plan assets#				
State and Central Securities	1.96%	2.52%	-	-
Bonds	4.46%	6.17%	-	-
Special deposits	0.36%	0.78%	-	-
Insurer managed funds	93.22%	90.53%	-	-
Actual return on plan assets#	**261**	**213**	**-**	**-**
Assumptions				
Discount rate	8%	8%	8%	8%
Estimated rate of return on plan assets	8%	8%	-	-
Expected rate of salary increase	5-7%	5-7%	-	-
Attrition rate	5%	5%	1%	1%

*Less than a lakh

#includes details of trusts other than those covered under a Scheme of Life Insurance Corporation of India

Consolidated Notes *(Contd.)*

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market. The Group evaluates these assumptions annually based on its long term plans of growth and industry standards.

Experience adjustments:

(₹ in Lakhs)

	2013-2014	2012-2013	2011-2012*	2010-2011*	2009-2010*
Gratuity plan					
Present value of DOB	3553	3215	2867	2501	2114
Fair value of plan assets	3369	2910	2610	2192	1846
Funded status [Asset/ (liability)]	(184)	(305)	(257)	(309)	(268)
Experience adjustments loss/ (gain)					
- on plan liabilities	26	180	183	72	267
- on plan assets	2	8	(34)	(87)	(44)
Superannuation and other pension plans					
Present value of DOB	6	8	31	117	115
Fair value of plan assets	-	-	-	-	-
Funded status [Asset/ (liability)]	(6)	(8)	(31)	(117)	(115)
Experience adjustments loss/ (gain)					
- on plan liabilities	(3)	(24)	(96)	(9)	(45)
- on plan assets	-	-	-	-	-

*information is in respect of the Company

b. Defined contribution plans

In respect of the defined contribution plans of the Company, an amount of ₹ 1262 lakhs (2013: ₹ 884 lakhs) has been recognised as an expense in the Consolidated Statement of Profit and Loss during the year.

39. The Company has recognised subsidy income as per the prevalent Nutrient Based Subsidy (NBS) Policy announced by Government of India. Such income is included in “Government Subsidies” in the Consolidated Statement of Profit and Loss. The subsidy income for the year includes ₹ 3488 lakhs (2013: ₹ 10884 lakhs) relating to earlier years comprising of freight subsidy income consequent to the final notification by the Government. In respect of previous year, it also includes subsidy income relating to opening inventories as at 1 April 2011 based on the communication issued by the Department of Fertilisers vide letter dated 22 August 2012 with respect to the earlier Office Memorandum dated 11 July 2011.

40. Exceptional item of ₹ 1261 lakhs (2013: ₹ Nil) represents interest demand in respect of disputed taxes relating to earlier years.

41. During the year ended 31 March 2012, the Members of the Company pursuant to the provisions of Section 293(1)(a) of the 1956 Act approved the transfer/assigning of the lease rights on the land located at Navi Mumbai to prospective buyers. As at 31 March 2014, the Company is in the process of identifying potential buyers.

42. During the previous year, the Company had issued and allotted 28,28,17,658 9% Unsecured Redeemable Non-convertible Fully Paid Bonus Debentures of ₹ 15 each for every equity share, aggregating ₹ 42423 lakhs to the shareholders by appropriating the General Reserve through a Scheme of Arrangement (Scheme) approved by Hon’ble High Court of Andhra Pradesh and other relevant authorities. Further, in terms of the accounting treatment set out in the Scheme, dividend distribution tax paid on the aforesaid Debentures aggregating ₹ 6882 lakhs was also transferred from the General Reserve. The Company had also created a debenture redemption reserve amounting to ₹ 2553 lakhs as per the requirements of the Act and in accordance with the clarifications given by the Ministry of Corporate Affairs.

The aforesaid debentures were redeemable at par over three years commencing from 23 July 2014 (₹ 5/- each year). Further, as per the terms of the Scheme, the Company also had a right to prepay the entire amount of debentures by giving prior notice to the debenture holders. During the current year, the Board authorized Committee of Directors of the Company, in its meeting has exercised the option to prepay the debentures and approved early redemption. Accordingly, the said debentures were redeemed at par during the year and the amounts due including interest accrued have been transferred to earmarked bank accounts. Consequently, the debenture redemption reserve of ₹ 2553 lakhs created in the previous year has been transferred to the Surplus in Consolidated Statement of Profit and Loss in the current year.

Consolidated Notes *(Contd.)*

43. Derivative instruments and unhedged foreign currency exposure in respect of the Company and certain subsidiaries

a. Forward contracts outstanding as at the Balance Sheet date

	Currency	Cross currency	Amount in foreign currency (million)	Amount ₹ in lakhs	Buy/Sell
As at 31 March 2014	USD	INR	398.37	239143	Buy
	USD	INR	6.60	3952	Sell
As at 31 March 2013	USD	INR	543.74	295248	Buy
	USD	INR	4.66	2529	Sell

The forward contracts have been entered into to hedge the purchase of raw materials and stock-in-trade and the related buyer's credit and in certain cases the foreign currency trade receivables.

b. Principal and interest rate swaps outstanding as at the Balance Sheet date in respect of the Company

	Currency	Cross currency	Amount in foreign currency (million)	Amount ₹ in lakhs	Buy/Sell
As at 31 March 2014	USD	INR	73.33	43941	Buy
As at 31 March 2013	USD	INR	80.00	43440	Buy

The swap contracts have been entered into to hedge the currency and interest rate risks on the external commercial borrowings of the Company [Refer Note 45(b)]

c. Details of foreign currency exposures as at the Balance Sheet date that have not been hedged by a derivative instrument or otherwise are given below:

	Currency	As at 31 March 2014		As at 31 March 2013	
		Foreign currency amount in million	Amount ₹ in lakhs	Foreign currency amount in million	Amount ₹ in lakhs
Trade payables	USD	23.38	14013	10.13	5503
	AED	-	-	33.98	5022
	EUR	0.19	159	0.21	147
	GBP	-	-	0.01	11
	PHP	-	-	0.12	1
Trade receivables	USD	21.88	13112	12.06	6544
	EUR	*	2	0.09	61
Borrowings	USD	16.55	9919	16.46	8940
	EUR	0.38	314	1.11	770

*less than a lakh

44. Interests in joint ventures

a) During the year, the Company's venture in Tunisia [the Tunisian Indian Fertiliser S.A. (TIFERT)], has commissioned the phosphoric acid plant and commenced production. Pursuant to the shareholders' agreement in relation to TIFERT, the day to day operations have been assumed by the Tunisian Partners and the Company has accordingly discontinued proportionate consolidation under Accounting Standard 27 - "Financial Reporting of Interests in Joint Ventures" and is treating its investment in TIFERT under AS 13 - "Accounting for Investments".

Consolidated Notes *(Contd.)*

b) The proportionate share of assets, liabilities, income and expenditure of jointly controlled entities, Coromandel Getax Phosphates Pte Ltd (Coromandel Getax), Coromandel SQM India Private Limited (Coromandel SQM) and Tunisian Indian Fertilisers SA (TIFERT) are given below:

(₹ in Lakhs)

Name of the entity	For the Year ended 31 March 2014		For the Year ended 31 March 2013		
	Coromandel Getax	**Coromandel SQM**	**Coromandel Getax**	**Coromandel SQM**	**TIFERT***
Country of Incorporation	Singapore	India	Singapore	India	Tunisia
Percentage of ownership interest	50%	50%	50%	50%	15%
Non-current liabilities	-	21	-	15	25191
Current liabilities	2	988	15	885	4207
Non-current assets	-	353	-	377	34650
Current assets	182	1273	210	1062	4488
Income	-	3162	1	1848	-
Expenditure	36	3084	7	1768	1652

* All figures are as per the unaudited financial statements for the year ended 31 December 2012 and information has been furnished to the extent available with the Company.

45. Other matters

a) Exchange difference in respect of forward exchange contracts relating to the Company to be recognised in the Consolidated Statement of Profit and Loss in the subsequent accounting period is ₹ 2744 lakhs debit (2013: ₹ 4686 lakhs debit).

b) As on 31 March 2014, the Company has foreign currency borrowing of US$ 73.33 million (2013: US$ 80 million). The Company has entered into principal and interest rate swaps amounting US$ 73.33 million (2013: US$ 80 million) to hedge the foreign currency and interest rate risks thereon. The Company has marked to market the foreign currency borrowings and the corresponding swap contracts and the net exchange differences arising thereon have been recognised in the Consolidated Statement of Profit and Loss.

46. Additional disclosures related to consolidated financial statements:

a) List of subsidiaries and joint ventures considered for consolidation:

Name of the Company	Relationship	Country of incorporation	Percentage of voting power as at	
			31 March 2014	**31 March 2013**
Liberty Phosphate Limited (LPL)	Subsidiary (merged w.e.f. 1 April 2013) (Refer Note 26)	India	-	53.62
Liberty Urvarak Limited (LUL)		India	-	100
Liberty Pesticides and Fertilisers Limited (LPFL)	Subsidiary	India	100	100
Sabero Organics Gujarat Limited (Sabero)	Subsidiary	India	74.91	74.87
Sabero Organics America Ltda (SOAL)	Subsidiary of Sabero	Brazil	99.94	99.94
Sabero Australia Pty Ltd, Australia (Sabero Australia)	Subsidiary of Sabero	Australia	100	100
Sabero Europe BV (Sabero Europe)	Subsidiary of Sabero	Netherlands	100	100
Sabero Argentina S.A. (Sabero Argentina)	Subsidiary of Sabero	Argentina	95	95

Consolidated Notes *(Contd.)*

Name of the Company	Relationship	Country of incorporation	Percentage of voting power as at	
			31 March 2014	31 March 2013
Sabero Organics Mexico S.A De C.V. (Sabero Mexico)	Subsidiary of Sabero (w.e.f. 17 June 2013)	Mexico	100	-
Parry Chemicals Limited (PCL)	Subsidiary	India	100	100
Dare Investments Limited (DIL)	Subsidiary	India	100	100
CFL Mauritius Limited (CML)	Subsidiary	Mauritius	100	100
Coromandel Brasil Limitada (CBL), Limited Liability Partnership	Subsidiary	Brazil	100	100
Coromandel Getax Phosphates Pte Ltd., (CGPL)	Joint venture	Singapore	50	50
Coromandel SQM India Private Limited (CSQM)	Joint venture	India	50	50
Tunisian Indian Fertilisers SA. (TIFERT)	Joint venture (upto 31 March 2013) Refer Note 44(a)	Tunisia	-	15

The above excludes Sabero Organics Philippines Asia Inc., an Associate of Sabero for which no operations have commenced.

b) In respect of CBL, CML and CGPL the financial year is from 1 January 2013 to 31 December 2013 and accordingly audited financial statements are available up to 31 December 2013. These consolidated financial statements have been adjusted by the Management for significant transactions between 1 January and 31 March to align for consolidation purposes.

c) In respect of SOAL, Sabero Mexico and Sabero Argentina the financial year is from 1 January 2013 to 31 December 2013 however audited financial statements for the period 1 April 2013 to 31 March 2014 has been considered for the purpose of preparation of consolidated financial statements.

d) In respect of Sabero Europe the financial year is from 1 June 2013 to 31 May 2014 however audited financial statements for the period 1 April 2013 to 31 March 2014 has been considered for the purpose of preparation of consolidated financial statements.

e) The effect of acquisition of subsidiaries on the financial position and results as included in the consolidated financial statements is given below:

(₹ in Lakhs)

	For the year ended 31 March 2014	For the year ended 31 March 2013
Liabilities as at date of acquisition:		
Non-current liabilities	-	1635
Current liabilities	-	19266
Assets as at date of acquisition:		
Non-current assets	-	9616
Current assets	-	33579
Revenue for the period ended	-	1856
Expenses for the period ended	-	1746
Profit/ (loss) before tax for the period ended	-	110
Profit/ (loss) after tax for the period ended	-	81

Consolidated Notes *(Contd.)*

f) **Goodwill on consolidation:**

(₹ in Lakhs)

	As at 31 March 2014	As at 31 March 2013
Opening balance	46907	34702
Add: On acquisition of subsidiaries/ additional share in subsidiary	-	12205
Less: On Amalgamation of subsidiaries	12078	-
Closing balance	**34829**	**46907**

g) In respect of previous year ended 31 March 2013, the Company had considered unaudited financial statements of TIFERT upto 31 December 2012. On receipt of audited financial statements of TIFERT in the current year, differences arising based on audited financials i.e. loss amounting to ₹ 992 lakhs has been adjusted in the current year.

47. Previous year figures have been recast/ reclassified wherever necessary to correspond with the current year's classification/ disclosures.

48. Significant accounting policies

i. Basis of accounting and preparation of consolidated financial statements

The consolidated financial statements have been prepared on the basis of going concern, under the historic cost convention on accrual basis, to comply in all material aspects with applicable generally accepted accounting principles in India ("Indian GAAP"), the Accounting Standards ("AS") notified under Section 211 (3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September 2013 of Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable.

The consolidated financial statements include accounts of Coromandel International Limited ("the Company") and its subsidiaries Liberty Pesticides and Fertilisers Limited, Sabero Organics Gujarat Limited, Sabero Organics America Ltda, Sabero Australia Pty Ltd, Sabero Europe BV, Sabero Argentina S.A., Sabero Organics Mexico S.A De C.V., Parry Chemicals Limited, Dare Investments Limited, CFL Mauritius Limited, Mauritius, Coromandel Brasil Limitada, Brasil (a Limited Liability Partnership), its joint ventures Coromandel Getax Phosphates Pte Limited, Singapore and Coromandel SQM India Private Limited, India; all together referred to as 'the Group'.

ii. Principles of Consolidation

In the preparation of these Consolidated Financial Statements, investments in subsidiaries and joint venture entities have been accounted for in accordance with AS-21 (Accounting for Consolidated Financial Statements) and AS-27 (Financial Reporting of Interests in Joint Ventures), respectively, notified under Section 211(3C) of the 1956 Act. The Consolidated Financial Statements have been prepared on the following basis:

a) The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating material intra-group balances and intra-group transactions resulting in unrealized profits and losses, as per AS-21. Consistency in adoption of accounting polices among all group companies is ensured to the extent practicable.

b) The difference between the cost of investment in the subsidiaries and the Company's share of equity at the time of acquisition of shares in the subsidiaries is recognised in the consolidated financial statement as goodwill or capital reserve.

c) Minority interest in the net assets of consolidated subsidiaries consists of:

   i. The amount of equity attributable to the minorities at the date on which the investment in the subsidiaries is made; and

   ii. The minorities' share of movements in equity since the date the parent-subsidiary relationship came in to existence

d) Investments in business entities over which the Company exercises joint control are accounted for using the proportionate consolidation.

e) The operations of the Company's foreign subsidiaries and joint ventures are considered as non-integral operations for the purpose of consolidation. Accordingly, the exchange differences arising on conversion of their financial statements in to Indian Rupees is reflected under 'Foreign Currency Translation Reserve'.

iii. Use of estimates

The preparation of the consolidated financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of consolidated financial statements, the reported amount of revenues and expenses during the reported period and disclosure of contingent liabilities. Management believes that the estimates used in the preparation of consolidated financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

iv. Tangible fixed assets

Tangible fixed assets are shown at cost or valuation, net of accumulated depreciation and impairment losses, if any. Cost comprises of the purchase price, attributable expenditure incurred in bringing the asset to its working condition for the intended use and cost of borrowings till the date of capitalisation in the case of assets involving material investment and substantial lead time.

v. Depreciation and amortisation

Depreciation is provided on the straight-line method as per the rates prescribed in Schedule XIV to the 1956 Act except in the following cases where the estimated useful lives of assets are lower than those prescribed in the said Schedule XIV to the Act:

Asset	Useful lives (in years)
Plant and equipment	5 - 14
Vehicles	5 - 7
Office equipment, furniture and fixtures	3 - 5
Computers and related equipments	3 - 5

The useful lives of assets are periodically reviewed and re-determined and the unamortised depreciable amount is charged over the remaining useful life of such assets.

Leasehold land is amortised on a straight line basis over the lease period.

Intangible assets are amortised on the straight-line method over their estimated useful lives ranging from 5-10 years.

vi. Intangible assets

Intangible assets are carried at cost, net of accumulated amortisation and impairment losses, if any. Cost of an intangible asset comprises of purchase price, attributable expenditure on making the asset ready for its intended use.

vii. Impairment

The Group assesses at each reporting date whether there is an indication that an asset/ cash generating unit may be impaired. If any indication exists the Group estimates the recoverable amount of such assets and if carrying amount exceeds the recoverable amount impairment is recognised. The recoverable amount is the higher of the net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discount factor. When there is indication that previously recognised impairment loss no longer exists or may have decreased such reversal of impairment loss is recognised in the Consolidated Statement of Profit and Loss.

viii. Foreign currency transactions and derivative contracts

Transactions made during the year in foreign currency are recorded at the exchange rate prevailing at the time of transactions. Monetary assets and liabilities relating to foreign currency transactions remaining unsettled at the year-end are translated at the exchange rate prevalent at the date of Balance Sheet. Exchange differences arising on actual payment/ realisation and year end reinstatement referred to above are recognised in the Consolidated Statement of Profit and Loss.

In respect of forward contracts entered into to hedge risks associated with foreign currency fluctuation on its existing assets and liabilities, the premium or discount at the inception of the contract is amortised as income or expense over the period of the contract. Currency options/other swap contracts outstanding as at the Balance Sheet date are marked to market and the net loss is charged to the Consolidated Statement of Profit and Loss. Any profit or loss arising on cancellation of such contracts is recognised as income or expense in the Consolidated Statement of Profit and Loss of the year.

ix. Hedge accounting

The Group uses foreign currency forward contracts and other derivative instruments to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions and designates such derivative instruments in a cash flow hedging relationship by applying the hedge accounting principles set out in “Accounting Standard 30 Financial Instruments: Recognition and Measurement” issued by the Institute of Chartered Accountants of India. These derivative instruments are stated at fair value at each reporting date. Changes in the fair value of these instruments that are designated and effective as hedges of future cash flows are recognised directly in “Hedging reserve account” under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Consolidated Statement of Profit and Loss. Amounts accumulated in the Hedging reserve account are reclassified to the Consolidated Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit and loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in Hedging reserve account is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in the Hedging reserve account is immediately transferred to the Consolidated Statement of Profit and Loss.

The Group has adopted the aforesaid hedge accounting principles with effect from 1 April 2013.

x. Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Long-term investments are valued at cost less provision for diminution other than temporary, in the value of such investments. Current investments are valued at lower of cost and fair value.

Consolidated Notes *(Contd.)*

xi. Inventories

Stores and spares, packing materials are valued at or below cost. Raw materials and other inventories are valued at lower of cost and net realisable value. The method of determination of cost of various categories of inventories is as follows:

a) Stores and spares and packing materials – Weighted average cost.

b) Raw material – First-in-First-out basis. Cost includes purchase cost and other attributable expenses.

c) Finished goods and Work-in-process – Weighted average cost of production which comprises of direct material costs, direct wages and applicable overheads. Excise duty is included in the value of finished goods.

d) Stock-in-trade – Weighted average cost

xii. Trade receivables and loans and advances

Specific debts and advances identified as irrecoverable or doubtful are written off or provided for respectively. Subsidy receivable is disclosed under "short-term loans and advances".

xiii. Revenue recognition

a) Sale of goods is recognised net of returns and trade discounts, when the risk and rewards of ownership are transferred to the customers. Sales include amounts recovered towards excise duty and exclude sales tax/ value added tax.

b) Subsidy is recognised on the basis of the rates notified from time to time by the Government of India in accordance with the Nutrient Based Subsidy (NBS) policy on the quantity of fertilisers sold by the Company for the period for which notification has been issued and for the remaining period, based on estimates.

c) Dividend income from investments is accounted for in the year in which the right to receive the payment is established.

d) Income from services rendered is recognised based on the agreements/arrangements with the concerned parties and when services are rendered.

e) Export benefits under DEPB license and excise benefits are accounted for on accrual basis.

f) Interest income is recognised on a time proportionate method, based on the transactional interest rates.

xiv. Employee benefits

a) Defined contribution plans

Contributions paid/payable to defined contribution plans comprising of Superannuation (under a scheme of Life Insurance Corporation of India) and Provident Funds for certain employees covered under the respective Schemes are recognised in the Consolidated Statement of Profit and Loss each year.

The Company makes contributions to two Provident Fund Trusts for certain employees, at a specified percentage of the employees' salary. The Company has an obligation to make good the shortfall, if any, between the return from the investments of trust and the notified interest rates. Liability on account of such shortfall, if any, is provided for based on the actuarial valuation carried out as at the end of the year in accordance with AS 15 'Employee Benefits'.

b) Defined benefit plans

Gratuity for certain employees is covered under a Scheme of Life Insurance Corporation of India (LIC) and contributions in respect of such scheme are recognised in the Consolidated Statement of Profit and Loss. The liability as at the Balance Sheet date is provided for based on the actuarial valuation carried out as at the end of the year.

The Company makes contributions for Superannuation and Gratuity (for employees not covered under the LIC Scheme) to Trusts, which are recognised in the Consolidated Statement of Profit and Loss. The Company's liability as at the Balance Sheet date is provided for based on the actuarial valuation as at the end of the year.

Actuarial gains and losses are recognised in the Consolidated Statement of Profit and Loss in the period in which they occur.

c) Other long term employee benefits

Other long term employee benefits comprise of leave encashment which is provided for based on the actuarial valuation carried out as at the end of the year.

d) Short term employee benefits

Short term employee benefits including accumulated compensated absences as at the Balance Sheet date are recognised as an expense as per Company's schemes based on expected obligation on an undiscounted basis.

xv. Borrowing costs

All borrowing costs are charged to the Consolidated Statement of Profit and Loss except those that are attributable to the acquisition or construction of a qualifying asset.

xvi. Leases

Finance leases, which effectively transfer to the lessee substantially all risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term by credit to liability for an equivalent amount. 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.

The lease rentals under operating leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are recognised as an expense in the Consolidated Statement of Profit and Loss as per the terms of the lease.

xvii. Provisions, contingent liabilities and contingent assets

Provisions are recognised only when there is a present obligation as a result of past events and when a reasonable estimate of the amount of obligation can be made. Contingent liabilities disclosed for (i) possible obligation which will be confirmed only by future events not wholly within the control of the Group or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are neither recognised nor disclosed in the consolidated financial statements.

xviii. Taxes on income

a) Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961/ relevant tax regulations applicable to the Group.

b) Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset, if there is convincing evidence that the Group will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Group.

c) Deferred tax is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in subsequent periods, subject to consideration of prudence.

xix. Earnings per share

The earnings considered for ascertaining the Group's Earnings per Share (EPS) comprises the profit after tax attributable to parent shareholders. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted EPS comprises the weighted average shares considered for deriving basic EPS and also the weighted average number of equity shares that would be issued on the conversion of all dilutive potential equity shares. In case of dilutive options, the difference between the number of shares issuable and the number of shares that would be issued at fair value are treated as diluted potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

xx. Employee stock option

Stock options granted to the employees under the stock option scheme established are evaluated as per the accounting treatment prescribed by the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by Securities and Exchange Board of India ("SEBI") and the Guidance Note on Accounting for Employee Share - based Payments, issued by the Institute of Chartered Accountants of India. The Group follows the intrinsic value method of accounting for the options and accordingly, the excess of market value of the stock options as on date of grant over the exercise price of the options, if any, is recognised as deferred employee compensation and is charged to the Consolidated Statement of Profit and Loss on graded vesting basis over the vesting period of the options. The unamortized portion of the deferred employee compensation, if any, is shown under Reserves and Surplus.

For and on behalf of the Board of Directors

Kapil Mehan
Managing Director

A. Vellayan
Chairman

S. Sankarasubramanian
Chief Financial Officer

P. Varadarajan
Company Secretary

Place: Hyderabad
Date: 12 May 2014

Statement pursuant to general exemption under 212(8) of the Companies Act, 1956 relating to subsidiary companies

(₹ in Lakhs)

Name of Subsidiary	Parry Chemicals Limited	Dare Invest-ments Limited@	CFL Mauritius Ltd.	Coro-mandel Brasila Ltda	Sabero stand-alone	Sabero Australia Pty Ltd.	Sabero Organics America S.A.	Sabero Europe B. V.	Sabero Organics Mexico S.A De C.V.^	Sabero Argentina S.A.	Liberty Pesticides and Fertilisers Limited@
	Year ended 31 March 2014	Year ended 31 March 2014	Year ended 31 Dec 2013	Year ended 31 Dec 2013	Year ended 31 March 2014	Year ended 31 March 2014	Year ended 31 Dec 2013	Year ended 31 May 2013	Year ended 31 Dec 2013	Year ended 31 Dec 2013	Year ended 31 March 2014
Share capital	1000	500	7774	471	3385	30	888	19	2	18	75
Share capital suspense	-	-	-	-	-	-	-	-	-	-	-
Reserves and surplus	449	(3)	7894	(519)	7152	(44)	(332)	(20)	22	(16)	144
Total liabilities$	58	6	2171	85	47809	17	165	2	127	5	2
Total assets #	1507	503	17839	37	58346	3	721	1	151	7	221
Total income (including other income)	332	*	*	136	72143	-	24	-	190	9	-
Profit/(Loss) before tax	311	(2)	(107)	(70)	3506	(20)	(63)	*	21	3	*
Provision for tax	20	-	-	-	192	-	-	-	-	-	-
Profit/(Loss) after tax	291	(2)	(107)	(70)	3314	(20)	(63)	*	21	3	*
Proposed dividend (including dividend tax)	-	-	-	-	-	-	-	-	-	-	-
Investments (included in Total assets)	-	500	17826	-	852	-	-	-	-	-	-
Currency	Indian Rupee	Indian Rupee	USD	Brazilian Real	Indian Rupee	Australian Dollar	Brazilian Real	Euro	Mexican Dollar	Argentina Peso	Indian Rupee
Closing exchange rate	-	-	61.81	26.18	-	55.70	26.18	73.34	4.72	9.49	-

$ (Non-current liabilities + Current liabilities)

(Non-current assets + Current assets)

@ had become subsidiary during the year 2012-13

^ has become subsidiary during the year 2013-14

* Less than a lakh

Notes

Notes

Notes

Mission

"To enhance prosperity of farmers through quality farm solutions with sustainable value for all stakeholders."

Vision

"To be the leader in farm solutions business in geography of choice, consistently delivering superior value to stakeholders through highly engaged employees, with a strong commitment towards sustainability and our values."

The Five Lights

each light representing one value of the Group

Integrity

We value professional and personal integrity above all else. We achieve our goals by being honest and straight forward with all our stakeholders. We earn trust with every action, every minute of every day.

Passion

We play to win. We have a healthy desire to stretch, to achieve personal goals and accelerate business growth. We strive constantly to improve and be energetic in everything that we do.

Quality

We take ownership of our work. We unfailingly meet high standards of quality in both what we do and the way we do it. We take pride in excellence.

Respect

We respect the dignity of every individual. We are open and transparent with each other. We inspire and enable people to achieve high standards and challenging goals. We provide everyone equal opportunities to progress and grow.

Responsibility

We are responsible corporate citizens. We believe we can help make a difference to our environment and change lives for the better. We will do this in a manner that befits our size and also reflects our humility.

Our Philosophy

"The fundamental principle of economic activity is that no man you transact with will lose, then you shall not."

- Arthashastra:

Coromandel
FUTURE POSITIVE

Fertilisers | Crop Protection | Speciality Nutrients | Retail

Coromandel International Limited, Coromandel House, 1-2-10, Sardar Patel Road, Secunderabad - 500 003. India.
CIN: L24120AP1961PLC000892, Email: mail@coromandel.murugappa.com
Tel: +91 40 2784 2034 / 2784 7212, Fax: +91 40 2784 4117, Web: www.coromandel.biz

arinsight | www.arinsight.com