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# Coromandel Fertilisers Limited

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Annual Report 2008-09



CII Exim Bank Business Excellence Award 2008 - Commendation for Strong Commitment to Excel



Mr. S Govindarajan, Sr. Vice President & Head of Manufacturing, receiving the Commendation Certificate for Visak Plant



Mr. K Sankaranarayananmoorti, General Manager-Mfg., Ennore Plant, receiving the Commendation Certificate for Ennore Plant



Mr. IRG Raju, General Manager-Mfg., Kakinada Plant, receiving the Commendation Certificate for Kakinada Plant



Dr. G Raviprasad, Sr. Vice President-Sales & Mktg (Fertilisers) (left) receiving the FAI Award for Best Video Film from Sri Atul Chaturvedi, IAS, Secretary (Fertilisers). Mr. A Vellayan, Chairman, (right) looks on

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## C O N T E N T S

|                                    |    |
|------------------------------------|----|
| 10 Years' Financial Highlights     | 3  |
| Strong Fundamentals                | 4  |
| Notice to Members                  | 5  |
| Directors' Report                  | 8  |
| Management Discussion and Analysis | 11 |
| Report on Corporate Governance     | 23 |
| Auditors' Report                   | 33 |
| Balance Sheet                      | 36 |
| Profit and Loss Account            | 37 |
| Cash Flow Statement                | 38 |
| Schedules to Accounts              | 40 |
| Consolidated Financial Statements  |    |
| – Auditors' Report                 | 63 |
| – Balance Sheet                    | 64 |
| – Profit and Loss Account          | 65 |
| – Cash Flow Statement              | 66 |
| – Schedules to Accounts            | 68 |
| Balance Sheet Abstract             | 86 |

# CORPORATE INFORMATION

## **BOARD OF DIRECTORS**

### **A Vellayan**

Chairman

### **K Balasubramanian**

Director

### **B V R Mohan Reddy**

Director

### **R A Savoor**

Director (from 18.03.2009)

### **M K Tandon**

Director

### **D E Udawadia**

Director

### **M M Venkatachalam**

Director

### **S Viswanathan**

Director (Upto 23.12.2008)

### **V Ravichandran**

Managing Director

## **MANAGEMENT TEAM**

### **V Ravichandran**

Managing Director

### **P Nagarajan**

Sr Vice President & Chief Financial Officer

### **G Ravi Prasad**

Sr Vice President - Sales & Marketing (Fertilisers)

### **P Gopalakrishna**

Sr Vice President - Retail

### **Harish Malhotra**

Sr Vice President - Commercial

### **G Veera Bhadram**

Sr Vice President - Pesticides SBU

### **Arun Leslie George**

Sr Vice President & Head of HR

### **S Govindarajan**

Sr Vice President & Head of Manufacturing

### **M R Rajaram**

Company Secretary

## **BANKERS**

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

## **AUDITORS**

Price Waterhouse  
8-2-293/82/A/1131A  
Road No. 36, Jubilee Hills  
Hyderabad - 500 034

## **COST AUDITORS**

Mr V Kalyanaraman  
Mr Dantu Mitra

## **REGISTRARS & SHARE TRANSFER AGENTS**

Karvy Computershare Private Limited  
17-24, Vithal Rao Nagar  
Madhapur  
Hyderabad - 500 081

## **REGISTERED OFFICE**

'Coromandel House'  
1-2-10, Sardar Patel Road  
Secunderabad - 500 003

## FINANCIAL HIGHLIGHTS - TEN YEARS' RECORD

Rupees in Lakhs

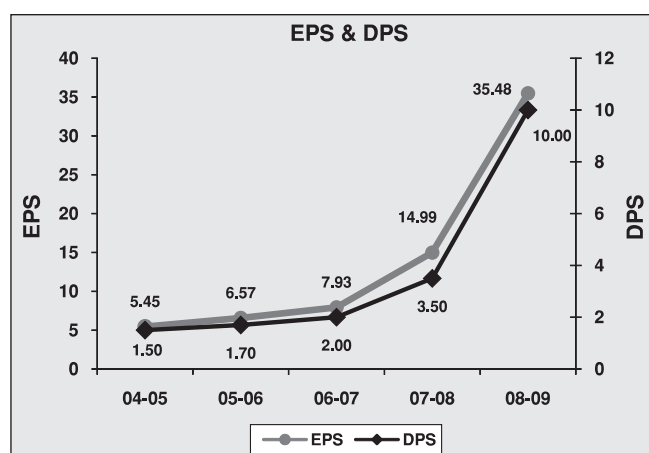
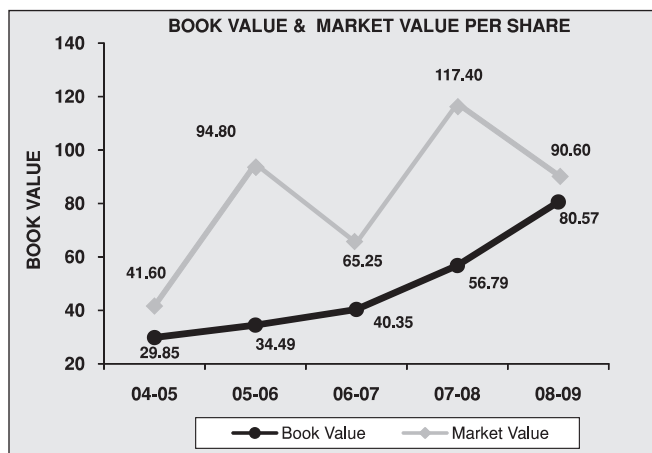
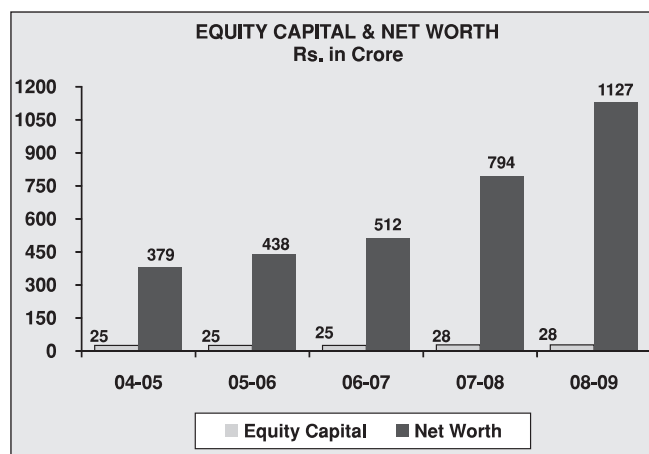
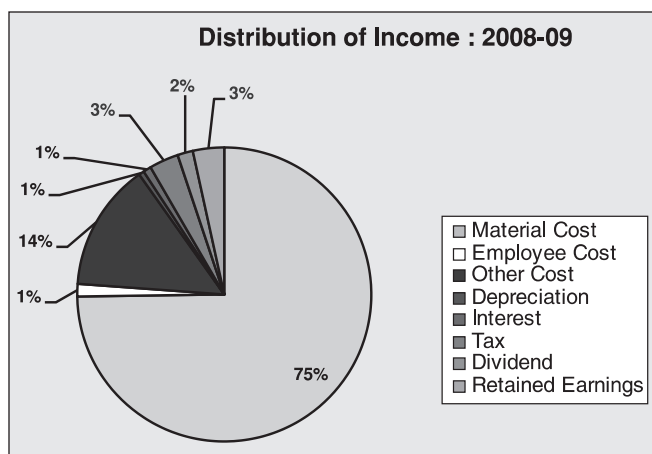
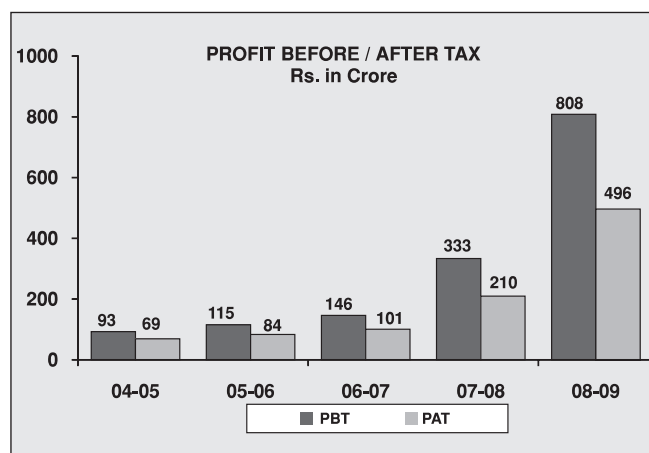
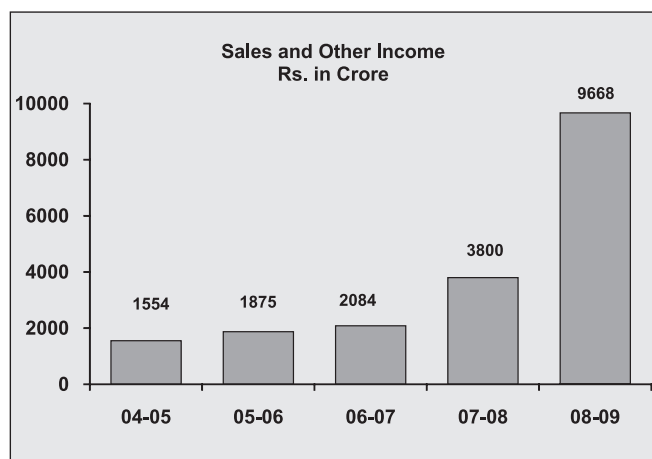
|   | Year Ended 31st March |       |       |       |        |        |        |        |        |        |
|---|-----------------------|-------|-------|-------|--------|--------|--------|--------|--------|--------|
|   | 2000                  | 2001  | 2002  | 2003  | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   |
| Gross Income                            | 61385                 | 61282 | 67972 | 58977 | 122259 | 155417 | 187471 | 208423 | 380011 | 966781 |
| Gross Profit                            | 10381                 | 10649 | 10801 | 7497  | 13213  | 14670  | 17645  | 21812  | 45538  | 94903  |
| Depreciation                            | 1227                  | 1456  | 1724  | 1560  | 3264   | 3510   | 3708   | 3984   | 5213   | 5613   |
| Interest                                | 1999                  | 2155  | 1769  | 1288  | 2872   | 1873   | 2401   | 3193   | 6983   | 8472   |
| Profit Before Tax                       | 7155                  | 7038  | 7308  | 4649  | 7077   | 9287   | 11536  | 14635  | 33342  | 80818  |
| Profit After Tax                        | 4805                  | 5288  | 4554  | 2703  | 4311   | 6919   | 8355   | 10074  | 20976  | 49638  |
| Net fixed Assets <sup>®</sup>           | 21973                 | 25003 | 22269 | 21821 | 37757  | 37134  | 36367  | 38241  | 73539  | 79184  |
| Investments                             | 23                    | 63    | 298   | 1265  | 13617  | 13488  | 16181  | 17408  | 7231   | 1633   |
| Net Current Assets                      | 12397                 | 18450 | 14693 | 22674 | 20006  | 22768  | 41393  | 57625  | 111208 | 197136 |
| Total Capital Employed <sup>®</sup>     | 34393                 | 43516 | 37260 | 45760 | 71380  | 73390  | 93941  | 113274 | 191978 | 292651 |
| Shareholders' Funds <sup>®</sup>        | 19760                 | 23654 | 21490 | 22954 | 33105  | 37906  | 43799  | 51244  | 79444  | 112714 |
| Borrowings                              | 14633                 | 19862 | 11210 | 17785 | 29559  | 26791  | 42626  | 54896  | 104287 | 171990 |
| Deferred Tax Liability (Net)            |                       |       | 4560  | 5021  | 8716   | 8693   | 7516   | 7134   | 8247   | 7947   |
| Total Capital Employed <sup>®</sup>     | 34393                 | 43516 | 37260 | 45760 | 71380  | 73390  | 93941  | 113274 | 191978 | 292651 |
| Earnings Per Share (RS.) <sup>*</sup>   | 4.56                  | 5.44  | 4.68  | 2.78  | 3.39   | 5.45   | 6.57   | 7.93   | 14.99  | 35.48  |
| Dividend On Equity (%)                  | 55                    | 65    | 70    | 60    | 65     | 75     | 85     | 100    | 175    | 500    |
| Book Value per share (Rs.) <sup>*</sup> | 20.4                  | 24.4  | 22.0  | 23.6  | 26.0   | 29.8   | 34.5   | 40.3   | 56.8   | 80.6   |

1. Financials from 2003-04 onwards include Farm Inputs Division (FIND) of E.I.D. - Parry (India) Limited which merged with CFL effective April 1, 2003
2. Financials from 2006-07 onwards include Ficom Organics Limited and its wholly owned subsidiary Rasilah Investments Limited which merged with CFL effective April1, 2006.
3. Financials from 2007-08 onwards include Godavari Fertilisers and Chemicals Limited which merged with CFL effective April1, 2007.

<sup>®</sup> Excluding Fixed Assets Revaluation Reserve

<sup>\*</sup> Earnings per share and Book value per share upto the year 2005 recomputed based on split face value of Rs.2/per share.

## STRONG FUNDAMENTALS



Note: EPS & DPS upto year 2005 recomputed based on split face value of Rs.2/- share.



## NOTICE

Notice is hereby given that the FORTY SEVENTH Annual General Meeting of the Members of Coromandel Fertilisers Limited will be held on Tuesday, July 21, 2009 at 10.30 AM at Hotel Minerva Grand, CMR Complex, Beside Manju Theatre, Sarojini Devi Road, Secunderabad-500 003.

### Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2009 and the Profit and Loss Account of the Company for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To consider, and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the vacancy caused by the retirement by rotation of Mr D E Udwadia, who has conveyed in writing to the Company his unwillingness to offer himself for reappointment, be not filled up".

4. To appoint a Director in place of Mr M M Venkatachalam, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and in this connection, to consider and if deemed fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT M/s Price Waterhouse, Chartered Accountants, be and they are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, on a remuneration of Rs.24.00 Lakhs (Rupees twenty four lakhs) plus reimbursement of out of pocket expenses (excluding service tax)".

### Special Business

6. To appoint a Director in place of Mr R A Savor, who was appointed as an Additional Director under Article 109 of the Articles of Association of the Company and holds office up to the date of this Annual General Meeting by reason of Section 260 of the Companies Act, 1956, but being eligible, offers himself for reappointment and in respect of whom a notice in writing has been left at the Registered Office of the Company by a Member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr R A Savor as a candidate for the office of the Director.
7. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309 and 310 and all other related and applicable provisions, read with Schedule XIII to the Companies Act, 1956 (including any statutory modification(s) or re-

enactment thereof for the time being in force) approval be and is hereby given for the reappointment of Mr V Ravichandran as the Managing Director of the Company for a period of 5 years from January 22, 2009 to January 21, 2014.

RESOLVED FURTHER THAT Mr V Ravichandran, Managing Director, be paid remuneration by way of salary, allowances, incentive, and perquisites subject to the requirements as contained in Sections 198, 309 and 310 read with Schedule XIII to the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and further subject to an overall limit of 5% of the net profits of the Company for each financial year computed in the manner prescribed in sections 349 and 350 of the Companies Act, 1956, as specified below with effect from January 22, 2009:

#### a. Salary

Rs.2,69,455/- per month in the range of Rs.2,50,000/- to Rs. 7,50,000/-.

The Increments to be decided by the Remuneration & Nomination Committee.

#### b. Allowances

Allowances like House Rent Allowance, Leave Travel Allowance, Personal Allowance, Special Allowance, Grade Allowance and/ or any other allowance as determined by the Remuneration and Nomination Committee.

#### c. Incentive

As determined by the Remuneration and Nomination Committee for each year/period.

#### d. Perquisites

As determined by the Remuneration and Nomination Committee such as Furnished / Unfurnished accommodation or House Rent Allowance in lieu thereof, Personal Accident Insurance, reimbursement of medical expenses incurred by Mr V Ravichandran and his family, club fees, provision of cars and encashment of leave as per the rules of the Company in force from time to time, and any other perquisites, benefits, amenities including grant of options under the Employee Stock Options Scheme(s) as applicable to senior management staff of the Company, from time to time.

#### e. Retiral Benefits

- (i) Contribution to the Provident Fund, Superannuation Fund and Gratuity Fund shall be in accordance with the approved scheme of the Company as in force from time to time.
- (ii) Encashment of leave as per the rules of the Company in force from time to time.

f. **Overall Ceiling**

Salary, allowances, perquisites and incentive shall be subject to an overall limit of 5% of the net profits of the Company calculated as per the provisions of the Companies Act, 1956.

For the purpose of calculating the ceiling of 5% on net profits of the Company, encashment of leave at the end of tenure and Company's contribution to Retiral Benefit Funds to the extent not taxable under the income Tax Act, shall not be taken into account.

g. **General**

- (i) Perquisites shall be valued in terms of actual expenditure incurred by the Company in providing benefit to the employees. However, in cases where the actual amount of expenditure cannot be ascertained with reasonable accuracy (including car provided for official and personal purposes and loans) the perquisites shall be valued as per income tax rules.
- (ii) Provision of telephone at residence and expenses on account of car for official use shall not be reckoned as perquisites.
- (iii) Mr V Ravichandran would not be entitled to any sitting fees for attending meetings of the Board or of any Committee thereof.
- (iv) Mr V Ravichandran would be subject to all other service conditions as applicable to any other employee of the Company.

RESOLVED FURTHER that in the event of absence or inadequacy of profits in any financial year, the remuneration by way of salary, allowances, perquisites, amenities, facilities, incentive and retirement benefits to Mr V Ravichandran, Managing Director, as may be determined by the Board or Remuneration and Nomination Committee, shall not, except with the approval of the Central Government, exceed the limits prescribed under the Companies Act, 1956 and rules made thereunder or any statutory modification or re-enactment thereof. "

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

"RESOLVED THAT subject to the approval of the Central Government pursuant to section 21 of the Companies Act, 1956, the name of the Company be and is hereby changed from 'Coromandel Fertilisers Limited' to 'Coromandel International Limited'.

RESOLVED FURTHER that the name 'Coromandel Fertilisers Limited' wherever it occurs in the Memorandum and Articles of Association of the Company be substituted by the new name 'Coromandel International Limited.'"

By Order of the Board  
For **COROMANDEL FERTILISERS LIMITED**



**M R RAJARAM**  
Company Secretary

Registered Office:  
"Coromandel House"  
1-2-10, Sardar Patel Road  
Secunderabad 500 003  
Andhra Pradesh

Dated: June 5, 2009

## NOTES:

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER.

An Explanatory Statement under Section 173 of the Companies Act, 1956, in respect of items 3, 6, 7 & 8 is appended hereto.

The Register of Members and the Share Transfer Books of the Company will remain closed from July 15 to July 21, 2009 (both days inclusive).

Members are requested to intimate at the earliest any change in their address registered with the Company.

Pursuant to the provisions of Section 205C of the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed upto the financial year 2000-2001 has been transferred to the Investors Education & Protection Fund.

Members/Proxies attending the Meeting are requested to complete and bring the attendance slip enclosed with the Annual Report and hand over the same at the entrance of the meeting hall, duly signed.



## ANNEXURE TO NOTICE

**Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 (hereinafter referred to as "the Act").**

### ITEM NO 3

Mr D E Udawadia, a Director of the Company, is due to retire by rotation at the forthcoming Annual General Meeting. He has, however, by notice in writing addressed to the Company, conveyed his unwillingness to offer himself for re-appointment as Director. The Company does not intend to fill-up the resulting vacancy. The resolution at item 3 is pursuant to Section 256(4) of the Act.

### ITEM NO 6

Mr R A Savoor ("Mr Savoor") was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on March 18, 2009 pursuant to Article 109 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. In terms of the said Section, Mr Savoor holds office only upto the forthcoming Annual General Meeting of the Company.

Notice in writing under Section 257 of the Companies Act, 1956, has been received from a Member signifying his intention to propose Mr Savoor as a Director of the Company along with a deposit of Rs.500/- as required under the provisions of Section 257 of the Act, which will be refunded to the Member if Mr Savoor is elected as a Director.

Mr Savoor is interested in the Resolution at this item of the Notice since it relates to his own appointment. A brief resume, as required pursuant to Clause 49(vi) of the Listing Agreement entered into between the Company and the Stock Exchanges, is set out in the Report on "Corporate Governance" appearing at page 26 of the Annual Report.

### ITEM NO 7

The Board of Directors at their meeting held on January 22, 2009 have re-appointed Mr V Ravichandran as the Managing Director of the Company for a period of 5 years from January 22, 2009 to January 21, 2014.

An abstract of the terms of re-appointment of Mr.V Ravichandran, Managing Director, pursuant to Section 302 of the Companies Act, 1956 was sent to all the members on January 30, 2009.

The re-appointment of Mr V Ravichandran as the Managing Director with effect from January 22, 2009 and terms of remuneration with effect from that date require the approval of the shareholders in general meeting as per provisions of the Companies Act, 1956.

Accordingly, Ordinary Resolution set out under Item No.7 of the Notice is submitted to the Meeting.

The terms of re-appointment and remuneration as set out in the Notice may be regarded as an abstract of the terms and conditions

and memorandum of concern or interest for the purpose of Section 302 of the Companies Act, 1956 and the requirements of the said Act may be deemed to have been sufficiently complied with.

Mr Ravichandran is interested in the Resolution at Item No. 7 since it relates to his own appointment and remuneration.

### ITEM NO 8

The Company was incorporated in the year 1961 with the object of manufacturing and marketing of chemicals and fertilisers. However over the past four and half decades the Company had from time to time changed the objects of the Company and forayed into many new areas such as pesticides, rural retailing, specialty nutrients, field extension services, rendering management assistance/technical assistance for managing fertiliser/intermediates manufacturing plants etc.

The Company's businessess over the years have extended globally. The Company has entered into a Joint Venture with Groupe Chimique Tunisian, Tunisia, for setting up a manufacturing facility of Phosphoric Acid in Tunisia. The Company is rendering technical assistance to M/s Foskor Limited, South Africa. It has also set up a 100% subsidiary in Mauritius viz. CFL Mauritius Ltd. The Company has also set up a Joint Venture Company in Singapore - Coromandel Getax Phosphates Pte Ltd for sourcing rock phosphate. The Company has also recently set up a Limited Liability Company at Brazil viz. Coromandel Brasil Ltda for expanding its pesticides business. In order to communicate the business potential of the Company across globe, to the stakeholders, it is proposed to change the name of the Company from "Coromandel Fertilisers Limited" to "Coromandel International Limited"

Accordingly the special resolution at Item No. 8 is submitted to the members for their approval.

None of the Directors is interested in the Resolution at Item no 8.

By Order of the Board  
For **COROMANDEL FERTILISERS LIMITED**



**M R RAJARAM**  
Company Secretary

Registered Office:  
"Coromandel House"  
1-2-10, Sardar Patel Road  
Secunderabad 500 003  
Andhra Pradesh

Dated: June 5, 2009

## DIRECTORS' REPORT

Your Directors have pleasure in presenting their report together with the audited accounts for the financial year ended March 31, 2009.

### SUMMARY OF FINANCIAL RESULTS:

|   | (Rs in crore)  |           |
|---|----------------|-----------|
|   | 2008-2009      | 2007-2008 |
| <b>Income:</b>  |                |           |
| From Operations   | <b>9374.98</b> | 3757.34   |
| Income from Business Assistance Agreement                       | <b>158.59</b>  | –         |
| Other   | <b>134.23</b>  | 42.77     |
| <b>TOTAL</b>  | <b>9667.80</b> | 3800.11   |
| <b>Profit:</b>  |                |           |
| Profit before Interest, Depreciation and Taxation               | <b>949.03</b>  | 455.38    |
| Less: Interest  | <b>84.72</b>   | 69.83     |
| Depreciation  | <b>56.13</b>   | 52.13     |
| <b>Profit Before Tax</b>  | <b>808.18</b>  | 333.42    |
| Less: Provision for Tax (including FBT and deferred tax credit) | <b>311.80</b>  | 123.66    |
| <b>Profit after Tax</b>   | <b>496.38</b>  | 209.76    |
| Add: Surplus brought forward                                    | <b>53.01</b>   | 47.54     |
| Amount available for Appropriation                              | <b>549.39</b>  | 257.30    |
| <b>Appropriation:</b>   |                |           |
| - Interim Dividend (incl. dividend tax)                         | <b>98.20</b>   | –         |
| - Proposed Final Dividend (incl. dividend tax)                  | <b>65.47</b>   | 57.29     |
| - Transfer from Debenture Redemption Reserve                    | <b>(13.14)</b> | (3.00)    |
| - Transfer to General Reserve                                   | <b>250.00</b>  | 150.00    |
| - Surplus retained in the Profit and Loss Account               | <b>148.86</b>  | 53.01     |

Your Company's performance for the year under review has been satisfactory despite considerable volatility in the international prices of all raw materials used in the Company's business. The production across all units were regulated by the availability and prices of key raw materials. During the year the seasonal conditions were normal in all the major addressable markets.

### Operations

The performance have been good in all of the three operational areas viz. Fertilisers, Pesticides and Specialty Nutrients Products

(SNP). The Fertiliser Plant at Kakinada, in particular, established a number of new records including record daily DAP/Complex production. The Thane Pesticides Technical Unit created new records in terms of production and exports.

The profitability of your Company has shown a significant increase, owing to the improved operating efficiencies across all the operating units, subsidy compensation received for the first time towards cost neutralization for sulphur (in the case of sulphur based complexes under the new subsidy policy for phosphatic fertilisers which came into effect from April 2008) and also due to higher contribution from pesticides and specialty nutrients business.

### Rural Retail Centres

During the year, the Company had set up 387 new Rural Retail Centres in the name and style of "Mana Gromor Centres" (MGC) taking the total number of Centres to 407 in various District/ Mandal Head Quarters of Andhra Pradesh for selling Fertilisers, Pesticides, Seeds and other Agri Products, besides Life Style Products, required by the rural farming community. These Centres also provide value added services such as technical training, soil testing facilities etc. to the rural customers. The total sales turnover achieved during the year from these Centres worked out to Rs.204 crore (excluding turnover from sale of Company's own products).

### Business Assistance Agreement with Foskop (Pty) Limited (South Africa)

The three year Business Assistance Agreement (BAA) entered into with Foskop (Pty) Limited (Foskop), South Africa, proved extremely beneficial to both the parties, as envisaged. The Company received the final remuneration equivalent to Rs.158.59 crore - the maximum remuneration from Foskop during the year under the agreement.

The Company has signed a Technical Assistance Agreement with Foskop valid for a period of 2 years from April 2008.

### CFL Mauritius Limited

During the year under review, your Company formed CFL Mauritius Limited, a wholly owned subsidiary Company in Mauritius with a view to channelise its overseas investments. The Mauritius subsidiary has invested US \$ 29.72 Million in Foskop (Pty) Ltd (Foskop), South Africa and currently holds 11.82% of the equity capital of Foskop. Your Company along with CFL Mauritius Ltd. now holds 14.0% of equity of Foskop.

CFL Mauritius Limited, for the year ended December 31, 2008, reported an income of US \$ 60 and a loss of US \$ 406358.

### **Parry Chemicals Limited (PCL)**

PCL which is a 100% subsidiary of your Company earned a total income of Rs.0.44 crore for the year ended March 31, 2009 and the Profit after Tax was Rs.0.05 crore.

### **Coromandel Brasil Ltda**

Your Company has incorporated a Limited Liability Company Coromandel Brasil Ltda in Brazil. Through this your Company proposes to expand its pesticides business in the emerging markets of Latin America. The operations of this Company are scheduled to commence during the financial year 2009-10.

### **Joint Venture Projects in Tunisia/Singapore**

The Joint Venture Company 'TIFERT' formed in Tunisia to set up a phosphoric acid plant has achieved technical and financial closure and work on the Project is progressing well. The total project cost is estimated at US \$ 550 Million. Your Company will be investing a sum of about US \$ 29 Million towards 15% equity stake in TIFERT. The plant is expected to be commissioned by the first quarter of 2011. This strategic investment is aimed at securing uninterrupted supply of phosphoric acid for our domestic operations.

During the year, your Company along with Getax Ocean Trades Pte Ltd of Singapore, has set up a 50:50 Joint Venture Company "Coromandel Getax Phosphates Pte Ltd" in Singapore wherein your Company has made an initial investment of US \$ 0.50 Million. The JV Company would be exploring the opportunities for rock phosphate mining/sourcing.

### **Safety, Health and Environment**

Safety, Health and Environment (SHE) initiatives yielded satisfactory results across all the plants. The solid waste recovery system project involving conversion and disposal of dry gypsum at Visak commissioned during the year, involved a capital outlay of about Rs.20 crore. The Process Safety Management Systems (PSMS) already put in place at the plant level are aimed at ensuring minimal lost time due to accidents. Besides, the Company has earmarked a senior official at corporate office to exclusively review the SHE across all the plants on a continuous basis.

### **Dividend**

Your Directors recommend a Final Dividend of Rs.4.00 per equity share. With this the total dividend for the year would be Rs.10/- per equity share including an interim dividend of Rs.6/- per equity share paid to the members. The Members may recall that a Dividend of Rs. 3.50 per equity share was paid last year.

### **Consolidated Financial Results**

A Consolidated Financial Statement incorporating the operations of the Company, its subsidiaries, joint venture company and associate company has been appended.

The Ministry of Company Affairs, while exercising its powers under Section 212 (8) of the Companies Act, 1956 has exempted the Company from publishing the Annual Report of its subsidiary Companies since a Consolidated Statement has been appended. In view of this, the Annual Report of the Subsidiary Companies, i.e. Parry Chemicals Limited and CFL Mauritius Limited have not been annexed.

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

### **Awards/Recognition**

Your Company continues to receive a number of awards/accolades from Industry associations. During this year your Company received the following awards/accolades:

- Certificate of Merit for the Kakinada Plant at the National Energy Conservation Awards, 2008 in Fertiliser Sector.
- DMA - Erehwon National Award for Innovation in Human Resources.
- Fertiliser Association of India Award for Best Video Film on Gromor NPK 19:19:19 Water Soluble Fertilisers.
- Recognition as one of the top 20 best Company to work for in India in a survey conducted by Business Today - Mercer - TNS.
- Visak, Kakinada and Ennore Plants received the commendation from CII for its strong commitment to excel in the CII-Exim Bank Business Excellence Award.

### **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 255, 256 and 262 of the Companies Act, 1956, Mr M M Venkatachalam and Mr D E Udwadia are retiring at the ensuing Annual General Meeting. Mr Udwadia has expressed his desire to retire at the ensuing Annual General Meeting. The Board has decided not to appoint anyone in his place.

During the year Mr S Viswanathan, Director resigned from the Board. The Board places on record its sincere appreciation of the services rendered by Mr Udawadia and Mr Viswanathan during their tenure as Directors of the Company.

The Board of Directors appointed Mr R A Savor as an Additional Director effective March 18, 2009. The Company has received notice from a Member proposing his nomination for Directorship.

#### **Auditors**

M/s Price Waterhouse, Chartered Accountants, Auditors retire at the ensuing Annual General Meeting and are eligible for reappointment.

#### **Auditors Report**

The Auditors in their report have observed that the subsidy income estimation for the year is based on management's understanding/estimates and valuation of certain inventories at their net realizable value (NRV) based on such estimates.

The Board of Directors is of the view that the Company has consistently been following a prudent method of accrual/recognizing subsidy income on a conservative basis based on management's understanding/estimate of the likely subsidy receivable under the current Subsidy Scheme and such estimates have been used for valuing the inventories as at March 31, 2009 at their NRV as per the applicable accounting standard.

#### **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.

A statement concerning employees as required by Section 217(2A) of the Companies Act, 1956 is attached to this report.

As required by Section 217 (2AA) of the Companies (Amendment) Act, 2000, Director's 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 in achieving overall good results.

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 : Secunderabad  
Date : April 24, 2009

  
**A Vellayan**  
Chairman

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. ORGANISATION - COMPANY PROFILE:

Coromandel Fertilisers Limited (CFL) is engaged in the business of Farm inputs comprising of Fertilisers, Pesticides and Specialty Nutrients. The Company is also engaged in the rural retail business in the State of Andhra Pradesh through its 'Mana Gromor Centres' (MGC) set up in various parts of the State.

CFL is a constituent of the Murugappa Group and is a subsidiary of E.I.D. Parry (India) Limited (EIDP) which holds 62.87% of the equity in the Company.

The Company has 8 manufacturing units located in the States of Andhra Pradesh, Tamil Nadu, Maharashtra, Gujarat and Jammu & Kashmir. The Company's products are marketed all over the country through an extensive network of dealers/'Mana Gromor Centres'.

The Company had set up a 100% subsidiary in Mauritius viz. CFL Mauritius Ltd., with a view to channelise its overseas investments. The Company has also set up a Joint Venture Company at Singapore viz. Coromandel Getax Phosphates Pte. Ltd., wherein the Company holds a 50% equity stake. This joint venture will explore opportunities for Rock Phosphate mining/sourcing. In addition, the Company has also recently set up a Limited Liability Company at Brazil viz. Coromandel Brasil Ltda, wherein CFL holds 99% of the equity, balance 1% being held by CFL Mauritius Ltd. This Company will explore agro chemical business opportunities in Latin American markets.

The Management Discussion and Analysis given below discusses the key issues concerning each of the main businesses of the Company.

#### ECONOMIC SCENARIO:

After achieving three years of GDP growth of nearly 9%, GDP growth for the fiscal year 2008-09 is 6.7% as per the estimates released by CSO, India. The growth rate in agriculture sector is estimated to be much lower at 1.6% for 2008-09 compared to 4.9% achieved in 2007-08.

Food production in the country during 2008-09 is estimated in excess of 230 million tonnes with record procurement of rice and wheat. Prices of a number of agricultural commodities were below MSP adversely affecting the farming community. That despite record production of foodgrains, the consumer prices of a number of commodities like rice, wheat, sugar, oil etc. have steeply risen, has been a cause for serious concern.

The year 2008-09 was marked by considerable volatility in the prices of imported fertilisers and fertiliser raw materials and intermediates. The international prices of DAP, Urea and various raw materials like Phosphoric Acid, Sulphur, Ammonia, Rock Phosphate and Potash touched unprecedented levels by September, 2008 and then fell sharply over the next 6 months. This volatility caused lot of uncertainty to the fertiliser manufacturers including your

Company. It is expected that the prices will remain reasonably stable during the year 2009-10.

### 2. FARM INPUTS:

#### A. PHOSPHATIC FERTILISERS BUSINESS

CFL is one of the leading manufacturers of phosphatic fertilisers in India. The Company produces and sells phosphatic fertilisers of various grades including Di-Ammonium Phosphate (DAP) and Single Super Phosphate (SSP). The Company also trades in imported DAP and Potash, a key plant nutrient. The Company's fertilisers are sold under the well established brand names viz. 'Gromor', 'Godavari', 'Paramfos', 'Parry Gold' and 'Parry Super'.

The Company's fertiliser Plants located at Visakhapatnam and Kakinada in Andhra Pradesh and Ennore and Ranipet in Tamil Nadu have a combined installed capacity of 22 lakh tonnes of DAP/complex fertilisers and 1.32 lakh tonnes of SSP.

#### a) INDUSTRY SCENARIO

In 2008-09 India has become the second largest consumer of fertilisers in the world, after China. The total fertiliser consumption in 2008-09 is estimated at about 25.3 million tonnes, in terms of various nutrients. The total fertiliser production in the country for 2008-09 is estimated at 32.8 million MT of Urea/Phosphatic/SSP combined, while the demand exceeded about 47.6 million MT.

Overall production of 'N' (Nitrogen) during the year (April 2008 - March 2009) was 10.894 million tonnes, while the production of 'P' (Phosphorus) was 3.397 million tonnes registering a drop of 0.1% and 8.5% respectively compared to previous year. The production of Urea increased marginally by 0.4%, on the other hand, the production of DAP declined by as much as 28.6% and that of complex fertilisers increased by 17.1%. The sale of Urea, DAP and MOP increased by 1.3%, 27.3% and 45.5% respectively during April-March 2008-09 over April - March 2007-08.

During the year 2008-09, import of Fertilisers increased dramatically. The country imported nearly 6 million tonnes of Urea (2007-08 - 6.7 million MT), 6.5 million MT of DAP (2007-08 - 2.7 million MT) and 4.1 million MT of MOP (2007-08 - 2.9 million MT) aggregating to nearly 17 million tonnes of fertilisers. With a number of units in the country not producing phosphatic fertilisers to their full capacity for various reasons including non-availability of raw materials, the volume of DAP imports is expected to remain high in the year 2009-10 also.



## **b) GOVERNMENT POLICIES**

A new Subsidy Policy for Phosphatic and Potassic Fertilisers, based on the recommendations of Inter-Ministerial Group (IMG) and Tariff Commission was implemented effective 1st April, 2008. Similarly a new subsidy policy for SSP was implemented effective May 2008, providing for escalation in the prices of Rock Phosphate and Sulphur used in manufacture of SSP. The new Subsidy Policy seen to be an improvement by the industry in view of compensation allowed for cost of Sulphur provided in certain complex fertilisers manufactured by the industry including your Company, which hitherto was not considered. The expectation is that the Fertiliser Subsidy Policy will be continued during 2009-10, with some minor adjustments.

The subsidy burden of the Government for the year 2008-09 was very high due to very high prices of imported DAP and other imported raw materials esp. during the first half of the year. The total subsidy allocation for the year 2008-09 was Rs.95,849 crore (including Rs. 20,000 crore settled in the form of bonds). Of this, Rs.65,351 crore was for Phosphatic and potassic fertilisers (including Rs. 17,000 crore in the forms of bonds). But with prices of DAP and raw materials falling significantly since October 2008, it is expected that the subsidy required for 2009-10 will be significantly lower. The Company would like to acknowledge that subsidy settlement during the year has been reasonably prompt which enabled the company to manage its liquidity well and reduce the interest burden, despite unprecedented increase in the prices of all fertiliser raw materials during the year.

One area of serious concern in this regard has been the settlement of the subsidy dues in the form of special bonds and the low coupon rate at which these special bonds are allotted. The bonds allotted during 2008-09, due to steep rise in yield levels, are currently trading at 8 to 15% discount. The Company has suffered a loss of Rs.117 crore as of March 31, 2009 in respect of these bonds, due to mark to market valuation. The industry has taken up with Government of India for compensation for the loss.

## **c) COMPANY'S FERTILISER BUSINESS**

The Company achieved a sale volume of 21.62 lakh MT (including 1.19 Lakh MT of imported DAP and 0.55 lakh MT of imported MOP) compared to 21.71 lakhs MT sold during the previous year. The company has been marketing its fertilisers in 11 States, including Andhra Pradesh, Karnataka, Maharashtra, Tamil Nadu, etc. The production and sales of Company's fertilisers were regulated

during the year by the availability of Phosphoric Acid and other raw materials.

The movement of fertilisers during the year were strictly governed by movement orders issued by Government of India and this necessitated movement to many States entailing higher distribution cost.

CFL continues to have a dominant presence in Andhra Pradesh, Tamil Nadu, Karnataka, Chattisgarh, and Maharashtra, and is a significant player in West Bengal and Orissa.

A number of new initiatives including projects taken up in different fertiliser units of the Company to increase the instantaneous capacity and productivity were completed during the year.

## **B. PESTICIDES BUSINESS**

### **a) INDUSTRY SCENARIO**

Global Agro-chemical Industry witnessed growth across many markets, which boosted the size of the industry to US \$ 38 billion. Many regions across the globe registered good growth while Latin America suffered because of drought in Argentina. Despite drop in oil prices, acreage of Genetically Modified (GM) Soya and Maize did not see any significant change and in usage pattern helped the Ag-Bio (GM seeds) market to grow by 20%. Global recession however impacted the consumption of cotton fabrics, which in turn is expected to adversely affect acreage of cotton in 2009-10 globally.

During the first half of the year, due to the global concerns about raw material shortages, price of many generic products witnessed steep increase. This helped Indian Pesticide Industry to register growth in value terms. But increased availability from China and lower consumption due to weather anomalies in the second half eased the prices. Due to low pest intensity and monsoon related anomalies, proportionate volume growth was not witnessed. Overall the industry growth for the year is estimated at 25% in value terms and 15% by volume terms.

The Indian Industry, also witnessed growth of specialty chemicals of MNCs replacing existing generics in key crop segments like Cotton, Soya bean, Tur and Bengal Gram.

Adoption of Bt cotton further grew to reach 76% of total area under cotton, making India the fourth biggest nation of area under GM crops. Higher MSP announced by Government for Paddy and Wheat facilitated increased consumption of various pesticides in these crops and Paddy has become the major crop for pesticides consumption in the country, displacing cotton.



## **b) COMPANY'S PESTICIDES BUSINESS:**

The year witnessed the company's Pesticides business turnover crossing Rs. 300 crores for the first time registering a growth of 23% over the previous year. The growth was fuelled largely by the growth in formulation business which achieved a growth of 39 % over the previous year.

The company leveraged on the retail stores chain (MGCs) set up in Andhra Pradesh and the expanded network in States like Punjab and South Karnataka where a special accelerated growth plan was launched during the year (in addition to States where this growth plan is already in operation). Company's successful co-marketing tie-ups with MNCs helped accessing growing specialty chemicals in key crop segments. Operations in Jammu stabilized and production in Ranipet and Thane plants recorded new highs.

On the exports front, the Company achieved record sales of Phenthoate to Asian countries whereas Endosulfan continue to be the major contributor to the overall export turnover. A new subsidiary Company, Coromandel Brasil Ltda was established in Brazil, with a view to give greater thrust in the Latin American Markets for the Company's technicals.

The Thane unit achieved new production records of all the technicals that it produced. The production and sales at the Ankleshwar Unit were lower due to reduced export demand for the technical 'Malathion'.

A new Profenofos Plant at Ankleshwar was commissioned in March 2009.

Despite weather anomalies and low pest intensity technical sales of Endosulfan and Profenofos were maintained in domestic market.

## **C. SPECIALITY NUTRIENTS BUSINESS**

The Company has identified Specialty Nutrient Business as a key growth driver for future, with its potential for income generation from non subsidy segment of fertiliser business.

The Company's Speciality Nutrient Business has a wide product range divided into 3 segments viz.,

- Secondary and Micro-nutrients, (including sulphur based products)
- Water Soluble Fertilisers (WSF)
- Municipal Compost - Godavari Gold.

The products offered by CFL in the secondary & Micro-nutrients segment include Bentonite Sulphur, Zinc, Sulpho Zinc, and Boron. The Company continues to be a market leader in Bentonite Sulphur. The steep increase in the price of Sulphur impacted the sale of Bentonite Sulphur during the year. But with easing of sulphur prices, it is expected that the sale of this product will pick up in the next year.

In the Micro-nutrients segment, CFL offers Granular Boron and Folior Boron besides Zinc Products with different variants, both for soil application and Folior application.

As regards WSF, CFL has its presence in all the major WSF grades which are popular in the country. During the year, the Company received exclusive manufacturing and marketing permission from Government of India for two new grades of WSF for a period of 3 years.

Organic Carbon, an essential component of Indian agriculture is now depleted in most of the agricultural tracts of India. Continuous usage of chemical fertilisers coupled with relay cropping has made Indian soils weak and depleted. Such soils are unable to increase production of food grains, though dosage of chemical fertilisers is increasing substantially. Fertilisers to food grain productivity ratio has dwindled to 1:6 Kg during 2008 from a level of 1:15 Kg in 1948. Considering this situation, CFL has identified organic carbon through municipal solid waste as a good source of improving soil fertility and has entered this business segment in 2008. The Company has initiated efforts to pack and market municipal compost in the brand name of 'Godavari Gold'.

During the year, the Company started marketing a wide range of specialty nutrient products through the retail trade across various States in the Country. A new business model was created to procure, pack, manufacture, promote and market high value, low volume specialties all over India.

The overall turnover/contribution of the Specialty Nutrients business doubled during the year and the business is expected to achieve significant growth in the years to come.

## **D. RURAL RETAIL INITIATIVE:**

CFL's rural retail initiative launched under the brand name 'Mana Gromor Centre' (MGC) in April 2007 was given a big boost during the year with the establishment of 387 new Centres over and above the 20 centres already set up in the previous financial year.

The agri-related products sold through these centers included Fertilisers (own and traded) Pesticides (own, traded and household insecticides), Specialty Nutrients Products (own and traded), Seeds, Sprayers and Veterinary products.

The Company launched Life Style Products, covering the various products of daily use by the rural community, on trial basis in 7 MGCs, in October 2008. This was later extended to 50 centers by March, 2009.

The Company has tied up with a number of leading business houses including Hindustan Unilever, Airtel, WIPRO, SKM Feeds, Virbac, etc. for marketing their products. The total sales turnover achieved through

sales in MGCs during 2008-09 was Rs.204 crores (excluding turnover from own products). These centers also extend a number of services to the farming community including training, technical advice, soil testing facilities, etc. The basic strategy of this initiative is to make the farmer earn more with our inputs and services and use the additional income to lead a better quality of life.

### 3. COMPANY'S PERFORMANCE:

The Company's overall performance during the year has been satisfactory, despite considerable volatility in the international prices of all raw materials leading to uncertainties. The Company's profitability improved, inter alia on account of compensation for cost of sulphur which was included in subsidy formula for Sulphur based complexes like 16:20:0:13 and 20:20:0:13, improved operating efficiencies across all units and higher contribution from Pesticides and Specialty Nutrients Products.

The profit for the year also includes the remuneration of Rs. 158 crores received from Foskor in terms of the Business Assistance Agreement and Rs. 14 crores received towards dividend from Foskor in respect of the equity investments held by CFL.

### 4. STRENGTHS AND OPPORTUNITIES:

CFL continues to invest in infrastructural facilities including raw material godowns, bagging and distribution facilities. This has enabled the Company to increase its capacity to handle higher volumes of raw materials and finished goods in line with its production capacity. The Company also made sizeable capital investments at its Visak and Kakinada Plants to increase the production capacity and improve operational efficiencies. Further in order to increase its own Phosphoric Acid Capacity and develop flexibility for using even low grade rocks, the Company is putting up a Belt filter system in its Phosphoric Acid Plant at Visak.

The R&D pilot plant set up at Visak has enabled the Company to carry out trials for using different grades of Rock Phosphate and also develop new grades of fertilisers such as 'NK' Fertilisers, new grades of Water Soluble Fertilisers, Sulpho Zinc, etc.

The tie-ups with M/s Foskor, South Africa and M/s Groupe Chimique Tunisien, Tunisia has enabled the Company to meet most of its Phosphoric acid requirements.

The setting up of 407 Mana Gromor Centres across Andhra Pradesh has enabled the Company to sell its products directly to the farmers reducing its dependence on intermediaries, which has benefitted the Company as well as the farming community. The farmers data base being collected thru' these centres has been of immense benefit to the company in developing new products to meet the farmers' requirement.

In the Pesticides business, the Company will leverage its co-marketing tie-ups to access new chemistry molecules. The

upgraded R & D facility at Ankleshwar would bolster efforts the Company is making to bring out new products including reverse engineering of off-patent monopoly molecules.

The strong financial position of the Company and its healthy credit rating / credit worthiness with the bankers and vendors has enabled the Company to raise working capital finance at an attractive interest rates, despite the credit squeeze experienced during the year.

### 5. OUTLOOK:

There has been a sharp fall in the prices of imported fertilisers and all raw materials and intermediaries used in the manufacture of Phosphatic Fertilisers, since the second half of 2008-09. There is an uncertainty on the pricing front of many of the key raw materials going forward. The Company will leverage on its international tie ups to ensure continued supply of all raw materials at the most competitive international prices. The Company is in the process of developing new vendors and new sources of raw materials especially for Phosphoric Acid and Rock Phosphate. The Tunisian Joint Venture viz. Tunisian Indian Fertiliser Company, Tunisia (TIFERT) which has achieved technical and financial closure is expected to be commissioned by early 2011 and will supply additional phosphoric acid required by the company. The focus during 2009-10 will be on increasing the production and sales volumes of fertilisers, leveraging on the increased instantaneous capacity created in the various plants. Efforts will be made to further improve on operating efficiencies.

With the fall in raw material prices in the recent months, the Government subsidy burden is expected to be of much lower order and settlement of subsidy dues is expected to be faster and better. The Industry has taken up with Government of India for compensation for the loss suffered by them in respect of the bonds allotted to them during the previous two years. It is hoped that there will be no allotment of bonds during 2009-10 and all subsidy dues will be settled in cash.

The Company is developing crop specific, soil specific and region specific 'customized fertilisers' through its R & D pilot plant and expects to begin marketing of such fertilisers from the middle of 2009-10. Work is also on for developing new fertiliser products at the R&D pilot plant in Visak.

As regards the pesticides business, efforts will be made to consolidate the operations at Ankleshwar Plant and introduce new technicals. On the exports front, it is planned to increase the market presence in Latin America by leveraging on the operations of the newly set up Brazil subsidiary.

In respect of formulations business, the accelerated growth plan which was implemented successfully in Andhra Pradesh, Maharashtra, Punjab and Karnataka will be extended to Haryana. The business will continue to focus on specialties to boost up the volume and profitability.

In the Specialty Nutrient Business, the Company has plans to expand its product portfolio especially in the WSF segment to cater to all customers and crop segments. Plans are being worked out to have a tie-up with an International partner for setting up a JV for production of WSF which will enable the Company to access technology and new products and scale up the volume of business in this segment. The Company also proposes to develop and tie up with multiple vendors for sourcing Municipal compost to scale up the volume.

During 2009-10, the Company expects to consolidate its operations in the Rural retail activity and introduce new agri and Life Style Products for sale through Mana Gromor Centres.

## 6. RISK MANAGEMENT:

The Management analyses and evaluates the various risks associated with its business on an ongoing basis.

A risk Management policy document detailing the various risks associated with the business, the probability of their occurrence, their likely impact and strategies to minimize / overcome the impact of the risks is circulated to the Board of Directors periodically. The Board in turn reviews and interacts with the Senior Management team on the major risks associated with the business at the Board Meeting.

The major risks associated with the Company's business are grouped under the following heads:

- a) Environmental Risks
- b) Regulatory Risks
- c) Economic Risks
- d) Operational Risks
- e) Financial Risks
- f) Legal and Statutory Risks
- g) Other Risks

The major risks associated with the Company's business and mitigation mechanism evolved by the Company are:

| Risk category          | Nature of Risk  | Mitigating strategy/measures   |
|------------------------|---|--|
| 1. Environmental Risks | ❖ Handling and storage of hazardous materials.  | <ul style="list-style-type: none"> <li>● Strict adherence to maintenance / inspection schedule, training and emergency / disaster management plans.</li> <li>● Continuous Implementation and adherence to: <ul style="list-style-type: none"> <li>– Process Safety Management System (PSMS);</li> <li>– ISO 14001 (Environmental Management);</li> <li>– ISO 18001 (Occupational, Health and Safety Management (OHSAS).</li> </ul> </li> </ul>   |
| 2. Regulatory Risks    | <ul style="list-style-type: none"> <li>❖ Uncertainties in Government Policies with regard to Fertiliser subsidy affecting realization and profitability.</li> <li>❖ Restriction on sale / usage of some pesticide products in India / abroad.</li> <li>❖ Non compliance with legal, taxation, corporate and other regulations.</li> </ul> | <ul style="list-style-type: none"> <li>● Development of non-subsidy products and business like specialty nutrients</li> <li>● Flexibility in Product Mix.</li> <li>● Continuous cost reduction efforts</li> <li>● Seek opportunities for better control across the entire value chain and reduce the zone of uncertainty.</li> <li>● Development of newer and safer formulations; extension of product life cycle and education on proper usage.</li> <li>● Public Relations exercised through Industry body and stewardship activity.</li> <li>● Strict adherence to quality standards as per FCO.</li> <li>● Strict adherence to Standard Operating procedures (SOPs) and audit of statutory compliance.</li> <li>● Advise/consultation from expert professional firms.</li> <li>● Compliance certification by Management Team.</li> </ul> |

| Risk category                           | Nature of Risk   | Mitigating strategy/measures  |
|---|--|---|
| 3. Economic or Business Portfolio Risks | <ul style="list-style-type: none"> <li>❖ Product/Market concentration affecting sales/profitability in case of seasonal failures.</li> <li>❖ Absence of New Chemistry/ Enzymes/Fermented products/ Monopoly products.</li> <li>❖ Introduction of pest/pesticide-resistant BT crops/Change in cropping pattern, impacting sale volume.</li> </ul>   | <ul style="list-style-type: none"> <li>● Wide and balanced range of products catering to different crops / soils.</li> <li>● Focus on irrigated areas.</li> <li>● Sustenance of secondary or tertiary markets.</li> <li>● Well spread-out market area.</li> <li>● Rural retail initiative (Mana Gromor Centres) to reduce dependence on dealers.</li> <li>● Continuous development of new products - Specialty Nutrients, customized fertilisers etc.</li> <li>● Upgraded R&amp;D centre / activities &amp; launch of new products.</li> <li>● Identification of new off-patented molecules and field trials and commercialization thereof.</li> <li>● Promotion of specialties and creation of brand image.</li> <li>● Co-marketing tie-ups and alternate source registrations.</li> <li>● Identification of emerging pests and suitable molecules.</li> <li>● Introduction of new products.</li> </ul>  |
| 4. Operational Risks                    | <ul style="list-style-type: none"> <li>❖ Critical machinery /equipments breakdown.</li> <li>❖ Non availability of critical Raw Materials.</li> <li>❖ Volatility in the prices of key Raw Materials.</li> <li>❖ Storage limitation for Raw Materials causing disruption in production. Additional cost of storage /transportation when stored in outside godowns.</li> <li>❖ Non-availability of Rail/Road transport carriers disrupting dispatches and in turn production.</li> <li>❖ Loss or damage to finished goods stored in field warehouses.</li> <li>❖ Loss of inventory/cash at Rural Retail Centres.</li> </ul> | <ul style="list-style-type: none"> <li>● Strict adherence to scheduled preventive maintenance and onsite emergency plans.</li> <li>● Inventory of critical spares.</li> <li>● Long term strategic alliances/ supply contracts for all critical Raw Materials.</li> <li>● Developing alternate source of Raw Materials.</li> <li>● Flexibility in usage of Raw Materials from different sources.</li> <li>● Pilot Plant for trial on new products / experiment with new sources of raw materials.</li> <li>● Increased storage facilities and long term contracts for key Raw Materials.</li> <li>● Some protection under the current concession scheme of Government of India albeit with some gaps.</li> <li>● Careful procurement planning.</li> <li>● Regular augmentation of storage facilities - both inside the plant and outside (when needed).</li> <li>● Alternative mode of transportation including open rakes and additional finished goods storage facilities.</li> <li>● Increased sales through Mana Gromor Centres and direct dispatch to dealers; Restricted use of field warehouses.</li> <li>● Regular surprise inventory verification.</li> <li>● Stocks Insurance Coverage.</li> <li>● Regular Inspection of Inventories and cash.</li> <li>● Stocks/Cash Insurance coverage.</li> </ul> |

| Risk category                | Nature of Risk  | Mitigating strategy/measures   |
|------------------------------|---|--|
| 5. Financial Risks           | <ul style="list-style-type: none"> <li>❖ Currency Risks / Exchange fluctuation Risks impacting cost of Raw Materials.</li> <li>❖ Credit Risks impacting working capital and translating into bad debts.</li> <li>❖ Interest rate risk impacting cost of borrowing.</li> <li>❖ Liquidity Risks resulting from: <ul style="list-style-type: none"> <li>– delay in subsidy disbursement</li> <li>– receipt of subsidy in the form of bonds.</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>● Prudent Forex Management Policies &amp; practices to hedge the foreign currency exposures.</li> <li>● Online monitoring of exchange trends.</li> <li>● Review by CFO &amp; CEO regarding target rate, cut-loss levels etc.,</li> <li>● Detailed evaluation of credit worthiness before fixing credit limits for dealers.</li> <li>● Strict adherence to credit limits and continuous monitoring of receivables.</li> <li>● Healthy debt: equity and interest cover ratio - strong debt servicing capability.</li> <li>● Healthy credit rating facilitating borrowing at relatively lower rate of interest.</li> <li>● Close follow-up with government departments for subsidy dues.</li> <li>● Strong cash generation from operation.</li> <li>● Close monitoring of interest rate scenario and liquidation of bonds at the most appropriate time.</li> <li>● Tie up with banks for adequate working capital and back up funding.</li> <li>● Representation to Government of India for compensation for loss on sale of bonds.</li> </ul> |
| 6. Legal and Statutory Risks | <ul style="list-style-type: none"> <li>❖ Contractual Liability Risks that may impose onerous responsibility.</li> <li>❖ Non-compliance of statutes resulting in heavy penalties.</li> </ul>   | <ul style="list-style-type: none"> <li>● Review of all material contracts by the in-house legal team.</li> <li>● Services of independent outside experts for important contracts.</li> <li>● Statutory regulations applicable across all functions are identified and the responsibility is fixed.</li> <li>● Statutory Compliance audit at periodical intervals.</li> <li>● Internal controls in place to comply with and monitor various statutory requirements.</li> </ul>  |
| 7. Human Resource Risks      | <ul style="list-style-type: none"> <li>❖ High attrition of skilled / trained manpower.</li> </ul>   | <ul style="list-style-type: none"> <li>● Career progression policy.</li> <li>● Regular succession planning exercise.</li> <li>● Multi-skills training.</li> <li>● Engagement and training of Engineers and Management Trainees.</li> <li>● Compensation revision in line with market including performance related incentives.</li> </ul>  |

#### Other Risks

In addition, there are also other risks including IT related risks etc. which 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 programmes, regular purchase of licenses in line with the business requirement and other preventive measures.

#### 7. INTERNAL CONTROLS:

Considering the nature of business and size of the operations, the company has appropriate internal controls systems to effectively provide for safety of its assets, reliability of financial transactions with adequate checks and balances, adherence to applicable statutes, accounting policies, approval procedures and to ensure the optimum use of available resources.

The company has its own corporate internal audit department to carry out the audit of all functions covering all locations. Deviations are reviewed periodically and due compliance ensured. Summary of key audit observations along with recommendations and its implementation are reviewed by the Audit Committee and the concerns, if any, are reported to the Board.

#### 8. FINANCE:

During the year, the Company generated Rs. 996.4 crore of cash surplus from its operations, before change in working capital. The Company's networth improved significantly during the year from Rs.794.4 crore as on March 31, 2008 to Rs.1127.1 crore as on March 31, 2009.

During the year the Company invested Rs.77.7 crore towards equity into its 100% subsidiary CFL Mauritius Ltd., Rs.61.7 crore



towards part of its share of equity into the JV Company Tunisian Indian Fertilisers (TIFERT), S.A., Tunisia, Rs.2.19 crore towards its share of equity into Coromandel Getax Phosphates Pte Ltd. Singapore and Rs.1.05 crore being its equity investment into Coromandel Brasil Ltda, Brazil.

Although the short term working capital borrowings are higher at Rs.1505.2 crore, mainly due to higher subsidy outstandings (Rs.946.8 crore) and value of bonds allotted in settlement of subsidy dues remain unsold (Rs.880 crore), the long term debt:equity ratio has remained very healthy at 0.11:1. The unsold bonds of the face value of Rs.997.73 crore held as on March 31, 2009 will be liquidated at the appropriate time keeping in mind the market conditions.

The Company was able to keep its overall cost of working capital at very low rates through judicious mix of foreign currency 'Buyers Credit', Export Packing Credit and short term borrowings at lower rates.

## 9. HUMAN RESOURCES/INDUSTRIAL RELATIONS:

During the year, long term settlements were signed with the staff and workers unions of Ankleshwar unit. A

Productivity Linked Bonus settlement was signed with the employees of Ranipet unit. The industrial relations across all the plants continue to remain cordial.

The Company continued its efforts towards enhancing employee engagement, and the results of Gallup's Employee Engagement Survey showed significant improvement over the previous survey. Coromandel's ratio of engaged to disengaged employees is 7.83:1 in comparison with the national average of 3.38:1 and Gallup Global average of 3.46:1.

The Company focused on Business Excellence and TQM in its quest to improve the quality of its products, processes and systems. CII Business Excellence Commendation Certificates were awarded to Ennore, Kakinada and Visakhapatnam units.

During the year, DMA Erehwon conferred the National Award for Innovation in HR to CFL. The in-house magazine Voice won the National Award for the third time. The Company also featured among the top 20 Best Employers to Work For according to Mercer-Business Today Survey.

## ANNEXURE TO THE DIRECTORS REPORT

### DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of Coromandel Fertilisers Limited confirm that in the preparation of the Profit & Loss A/c for the year ended March 31, 2009 and the Balance Sheet as at that date ("financial statements") :

- the applicable accounting standards issued by the Institute of Chartered Accountants of India 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.
- The financial statements have been prepared on a going concern basis.

On behalf of the Board

Place : Secunderabad  
Date : April 24, 2009

  
**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

- Various energy conservation schemes formulated by Operational Improvement Teams have yielded considerable energy savings during the year 2008-09 at Visak Plant.
- Replacement of 4 numbers conventional motors with energy efficient motors at Ankleshwar Plant.
- ENCON and SGA teams have been constituted to constantly look at the energy conservation and other improvement schemes.

#### B. TECHNOLOGY ABSORPTION

No new technology was adopted during the year. However, at the Visak Plant -

- in the Phosphoric Acid Plant, the wet gypsum disposal was changed to dry gypsum disposal system as a pollution control measure.
- In the Sulfuric Acid Plant, 1 Converter was replaced to improve conversion efficiency.
- Tail Gas Alkali Scrubber was installed in Sulfuric Acid Plant-II to reduce gaseous emission.
- Indigenisation of critical OEM spares of Marine Screw Unloader and Bentonite Sulfur Plant equipment.

#### C. RESEARCH AND DEVELOPMENT

Trials conducted with different grades of rock at phosphoric acid pilot plant and developed different grades of customized fertilisers at Complex Fertiliser Pilot Plant at Visak.

During the year the company spent a sum of Rs.197.66 lakhs on Research & Development (revenue expenditure) at the approved in-house R&D Units at Navi Mumbai and Visak. Further, a sum of Rs.14.45 lakhs, was spent towards Capital expenditure (other than Land & Building) in respect of approved in-house R&D units at Navi Mumbai and Visak

#### D. FOREIGN EXCHANGE EARNINGS AND OUT GO

Total foreign exchange used and earned:

|        | Rupees in Lakhs                   |                                    |
|--------|-----------------------------------|------------------------------------|
|        | April'08-March'09<br>Current Year | April'07-March'08<br>Previous Year |
| Used   | 712372.91                         | 265384.73                          |
| Earned | 23504.93                          | 6085.52                            |



## FORM A

### A. Power & Fuel Consumption

#### 1. Electricity

##### a) Purchased

Units (Lakh Units)

**1,161.24**

1,195.58

Amount (Rs Lakhs)

**3,688.58**

4,092.78

Rate/Unit (Rs/kwh)

**3.18**

3.42

##### b) Own generation

Thru' DG Sets

Units (Lakh Units)

**13.41**

26.99

Units/litre of HSD

**4.36**

4.21

Rate/Unit (Rs/Kwh)

**8.57**

7.76

Thru' TG Set

Units (Lakh Units)

**398.17**

350.80

Units/litre LSHS

—

—

Rate/Unit (Rs/Kwh)

**0.16**

0.18

#### 2. Coal

**Not used**

Not used

#### 3. a) Fuel: Furnace oil/LSHS

Quantity (K. Litres)

**2,980.99**

4,108.74

Total cost (Rs Lakhs)

**883.22**

938.44

Rate/Unit (Rs./K. Litres)

**29,628**

22,840

##### b) Compressed Natural Gas

Quantity SM<sup>3</sup> in Lakhs

**64.24**

64.50

Total amount Rs in Lakhs

**477.13**

468.46

Average Rate per 1000 SM<sup>3</sup> (Rs.)

**7,427.74**

7,262.75

### B. Consumption per MT of Complex Fertilisers produced (Units)

Electricity (KWH)

**71.49**

73.54

Fuel: Furnace Oil/LSHS (K.Litres)

**0.435**

0.658

Compressed Natural Gas (SM<sup>3</sup>)

**3.87**

3.05

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

Employed throughout the Financial Year and in receipt of remuneration aggregating Rs.24,00,000 or more

| Name, age and Qualification                                     | Designation and nature of duties                    | Date of commencement of employment | Experience in years | Remuneration (Rs) | Last Employment   |
|---|---|------------------------------------|---------------------|-------------------|---|
| V Ravichandran, 52<br>BE (Hons), AICWA, ACS, PGDM (IIMA)        | Managing Director                                   | 01.12.2003                         | 29                  | 1,33,83,729       | Vice President<br>EID Parry (India) Limited                   |
| P Nagarajan, 58<br>B.Com., BGL. A.C.A.                          | Sr Vice President & Chief Financial Officer         | 09.06.1997                         | 34                  | 61,25,348         | Sr. Vice President<br>Visakha Industries Ltd.                 |
| P Gopalakrishna, 50<br>B.Sc (Ag), PGDM (IIMA)                   | Sr Vice President-Retail                            | 01.12.2003                         | 26                  | 50,40,951         | Deputy General Manager-Marketing<br>EID Parry (India) Limited |
| G Veera Bhadrarn, 50<br>M.Sc.(Ag), PGDM (IIMA)                  | Sr Vice President-Pesticides SBU                    | 01.12.2003                         | 25                  | 42,71,563         | General Manager-Marketing<br>EID Parry (India) Limited        |
| Arun Leslie George, 42<br>M.A(SW), PMIR                         | Sr Vice President & Head of HR                      | 01.10.2003                         | 19                  | 45,84,645         | Deputy General Manager-HR<br>EID Parry (India) Limited        |
| Dr G Ravi Prasad, 53<br>Ph.D in Agricultural Chemicals          | Sr Vice President - Sales & Marketing (Fertilisers) | 01.04.2007                         | 26                  | 49,90,585         | Vice President-Commercial<br>Zuari Industries Limited         |
| S Govindarajan, 46<br>B.Tech (Mech), GDMM (IIMM)                | Sr Vice President & Head of Manufacturing           | 26-09-1992                         | 24                  | 42,97,173         | Asst. Manager<br>National Fertilisers Limited                 |
| N Seetaram, 56<br>B.Tech (Chem)                                 | Vice President-Technical Services & Projects        | 02-09-1977                         | 32                  | 31,80,128         | Joined Coromandel Fertilisers Ltd                             |
| Dr Amit Rastogi, 44<br>B.Tech (Chem), M.S.(Chem)<br>Ph.D (Chem) | Vice President-Technology                           | 25-10-2005                         | 18                  | 30,44,618         | General Manager-Technology<br>Hindalco Industries Limited     |
| S Sankarasubramanian, 40<br>B.Sc, ICWA                          | Vice President-Business Finance & Treasury          | 01.12.2003                         | 18                  | 34,50,163         | Dy General Manager-Finance<br>EID Parry (India) Limited       |
| Mr P L N Murthy, 57<br>M.Com                                    | Vice President (Mktg.Finance)                       | 01.12.2003                         | 30                  | 29,97,730         | Dy General Manager<br>EID Parry (India) Limited               |
| M K Agarwal, 43<br>B.Com, C.A.                                  | Vice President & Head-CSPD                          | 17.05.2007                         | 19                  | 32,24,566         | Business Head<br>Glamourooms Taps P Ltd                       |

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

  
A Vellayan  
Chairman

Place : Secunderabad.

Dated : April 24, 2009

**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  | 5,57,500 Options were granted during the year (in four tranches i.e. on 22.04.2008, 22.07.2008, 22.10.2008 & 18.03.2009). The total options granted is 27,75,300. Each Option gives the grantee a right to subscribe to one equity share of Rs 2/ 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   | 3,94,696  |                       |
| d. Options exercised  | Nil   |                       |
| e. The total no of shares arising as a result of exercise of option   | Not applicable  |                       |
| f. Options lapsed/surrendered   | 80,544  |                       |
| g. Variation of terms of Option   | No variation has been done  |                       |
| h. Money realised by exercise of Options  | Not applicable since none of the Options have been exercised till 31.3.2009.  |                       |
| i. Total no of Options in force   | 26,94,756   |                       |
| j. (i) Details of Options granted to Senior Management Personnel  | Name and Designation  | No of Options granted |
|   | V Ravichandran<br>Managing Director   | 4,83,500              |
|   | P Nagarajan<br>Sr Vice President & Chief Financial Officer  | 1,35,200              |
|   | P Gopalakrishna<br>Sr Vice President-Retail   | 1,35,200              |
|   | G Veerabhadram<br>Sr Vice President- Pesticides SBU   | 1,35,200              |
|   | Dr G Ravi Prasad<br>Sr Vice President-Sales & Marketing (Fertilisers)   | 1,35,200              |
|   | Arun Leslie George<br>Sr Vice President & Head of HR  | 1,35,200              |
|   | S Govindarajan<br>Sr Vice President & Head of Manufacturing   | 1,35,200              |
|   | Harish Malhotra<br>Sr Vice President-Commercial   | 2,27,800              |
| (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 | C Hima Srinivas 60,000  |                       |
|   | C Sitaram 72,000  |                       |
|   | K Sankaranarayanamoorthy 72,000   |                       |
|   | Harish Malhotra 2,27,800  |                       |
|   | Manoj K Agarwal 45,700  |                       |
|   | Parvez Shaikh 40,000  |                       |
|   | R Vaidyanathan 40,000   |                       |

|   |   |   |                      |                           |                     |             |   |               |             |                 |            |        |            |        |            |       |
|---|---|---|----------------------|---------------------------|---------------------|-------------|---|---------------|-------------|-----------------|------------|--------|------------|--------|------------|-------|
| (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.  | Nil   |                      |                           |                     |             |   |               |             |                 |            |        |            |        |            |       |
| k.  | Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard AS-20.   | Nil   |                      |                           |                     |             |   |               |             |                 |            |        |            |        |            |       |
| 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 2008-09 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. | Rs.565.36 lakhs   |                      |                           |                     |             |   |               |             |                 |            |        |            |        |            |       |
|   | (iii) Impact of the difference mentioned in (i) above on the profits of the Company   | <table><tr><td><b>Net Income</b></td><td><b>Rs in lakhs</b></td></tr><tr><td>As reported</td><td>49637.80</td></tr><tr><td>Less: fair value compensation cost<br/>(Black Scholes model)</td><td><u>565.36</u></td></tr><tr><td></td><td><u>49072.44</u></td></tr></table>   | <b>Net Income</b>    | <b>Rs in lakhs</b>        | As reported         | 49637.80    | Less: fair value compensation cost<br>(Black Scholes model) | <u>565.36</u> |             | <u>49072.44</u> |            |        |            |        |            |       |
| <b>Net Income</b>   | <b>Rs in lakhs</b>  |   |                      |                           |                     |             |   |               |             |                 |            |        |            |        |            |       |
| As reported   | 49637.80  |   |                      |                           |                     |             |   |               |             |                 |            |        |            |        |            |       |
| Less: fair value compensation cost<br>(Black Scholes model) | <u>565.36</u>   |   |                      |                           |                     |             |   |               |             |                 |            |        |            |        |            |       |
|   | <u>49072.44</u>   |   |                      |                           |                     |             |   |               |             |                 |            |        |            |        |            |       |
|   | (iv) Impact of the difference mentioned in (i) above on the EPS of the Company  | <table><tr><td></td><td><b>Basic (Rs)</b></td><td><b>Diluted (Rs)</b></td></tr><tr><td>As reported</td><td>35.48</td><td>35.42</td></tr><tr><td>As Adjusted</td><td>35.08</td><td>35.01</td></tr></table>   |                      | <b>Basic (Rs)</b>         | <b>Diluted (Rs)</b> | As reported | 35.48   | 35.42         | As Adjusted | 35.08           | 35.01      |        |            |        |            |       |
|   | <b>Basic (Rs)</b>   | <b>Diluted (Rs)</b>   |                      |                           |                     |             |   |               |             |                 |            |        |            |        |            |       |
| As reported   | 35.48   | 35.42   |                      |                           |                     |             |   |               |             |                 |            |        |            |        |            |       |
| As Adjusted   | 35.08   | 35.01   |                      |                           |                     |             |   |               |             |                 |            |        |            |        |            |       |
| m.  | (i) Weighted Average exercise price of Options  | Rs.96.05 per equity share   |                      |                           |                     |             |   |               |             |                 |            |        |            |        |            |       |
|   | (ii) Weighted average fair value of Options   | Rs.25.62 per equity share   |                      |                           |                     |             |   |               |             |                 |            |        |            |        |            |       |
| n.  | (i) Method used to estimate the fair value of Options   | Black Scholes Model   |                      |                           |                     |             |   |               |             |                 |            |        |            |        |            |       |
|   | (ii) Significant assumptions used (weighted average information relating to all grants):-   |   |                      |                           |                     |             |   |               |             |                 |            |        |            |        |            |       |
|   | (a) Risk-free interest rate   | 7.5%  |                      |                           |                     |             |   |               |             |                 |            |        |            |        |            |       |
|   | (b) Expected life of the Option   | 4-5 years   |                      |                           |                     |             |   |               |             |                 |            |        |            |        |            |       |
|   | (c) Expected volatility   | 0.50 - 0.52   |                      |                           |                     |             |   |               |             |                 |            |        |            |        |            |       |
|   | (d) Expected dividend yields  | 175%  |                      |                           |                     |             |   |               |             |                 |            |        |            |        |            |       |
|   | (e) Price of the underlying share in market at the time of option grant   | <table><tr><td><b>Date of grant</b></td><td><b>Market price (Rs.)</b></td></tr><tr><td>31.08.2007</td><td>89.15</td></tr><tr><td>22.01.2008</td><td>112.15</td></tr><tr><td>22.04.2008</td><td>137.75</td></tr><tr><td>22.07.2008</td><td>119.90</td></tr><tr><td>22.10.2008</td><td>125.50</td></tr><tr><td>18.03.2009</td><td>90.20</td></tr></table> | <b>Date of grant</b> | <b>Market price (Rs.)</b> | 31.08.2007          | 89.15       | 22.01.2008  | 112.15        | 22.04.2008  | 137.75          | 22.07.2008 | 119.90 | 22.10.2008 | 125.50 | 18.03.2009 | 90.20 |
| <b>Date of grant</b>  | <b>Market price (Rs.)</b>   |   |                      |                           |                     |             |   |               |             |                 |            |        |            |        |            |       |
| 31.08.2007  | 89.15   |   |                      |                           |                     |             |   |               |             |                 |            |        |            |        |            |       |
| 22.01.2008  | 112.15  |   |                      |                           |                     |             |   |               |             |                 |            |        |            |        |            |       |
| 22.04.2008  | 137.75  |   |                      |                           |                     |             |   |               |             |                 |            |        |            |        |            |       |
| 22.07.2008  | 119.90  |   |                      |                           |                     |             |   |               |             |                 |            |        |            |        |            |       |
| 22.10.2008  | 125.50  |   |                      |                           |                     |             |   |               |             |                 |            |        |            |        |            |       |
| 18.03.2009  | 90.20   |   |                      |                           |                     |             |   |               |             |                 |            |        |            |        |            |       |

## REPORT ON CORPORATE GOVERNANCE

### Company's Philosophy

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

CFL 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 CII Code and international studies. The entire process begins with the functioning of the board of directors, 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, 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.

### I. Board of Directors

#### ◆ Composition

The present strength of the Board is eight Directors of which the Managing Director is an Executive Director. Out of the seven Non-Executive Directors, five are Independent Directors and two Directors are Non Independent Directors. The Non-Executive Directors bring independent judgment in the Board's deliberations and decisions.

#### ◆ Attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM) and details of other Directorships etc.

| Name of the Director | Category of Directorship | Attendance particulars |          | No. of other directorships and committee memberships (other than CFL)@ |           |   |
|----------------------|--------------------------|------------------------|----------|--|-----------|---|
|                      |                          | Board Meetings         | Last AGM | Other Directorships  | Committee |   |
|                      |                          |                        |          |  | M         | C |
| Mr K Balasubramanian | NE/ID                    | 7                      | Yes      | 4  | -         | 2 |
| Dr B V R Mohan Reddy | NE/ID                    | 5                      | Yes      | 7  | 1         | - |
| Mr V Ravichandran    | MD/NID                   | 7                      | Yes      | 2  | -         | - |
| Mr M K Tandon        | NE/ID                    | 7                      | Yes      | 2  | 1         | 1 |
| Mr D E Udawadia      | NE/ID                    | 4                      | Yes      | 16   | 9         | 1 |
| Mr A Vellayan        | NE/NID                   | 6                      | Yes      | 8  | 3         | - |
| Mr M M Venkatachalam | NE/NID                   | 6                      | Yes      | 7  | 1         | 1 |
| Mr S Viswanathan*    | NE/ID                    | 4                      | Yes      | -  | -         | - |
| Mr R A Savoor**      | NE/ID                    | 1                      | No       | 4  | 2         | 3 |

\*Resigned w.e.f December 23, 2008

\*\*Appointed w.e.f March 18, 2009

@Represents Directorships/Memberships of Audit and Investors' Grievance Committee of Public Limited Companies governed by Companies Act, 1956.

M = Membership

C = Chairmanship

MD/NID = Managing Director/Non-Independent

NE/ID = Non-Executive/Independent

NE/NID = Non-Executive/Non-Independent

#### ◆ Number of Board Meetings held and the dates on which held

Seven Board Meetings were held during the year, as against the minimum requirement of 4 meetings. The dates on which the meetings were held are as follows: April 22, 2008, June 6, 2008, July 22, 2008, August 22, 2008, October 22, 2008, January 22, 2009 and March 18, 2009.

## 2. Audit Committee

### ◆ Terms of Reference/Powers & Composition, Names of Members and Chairman.

The Audit Committee presently comprises of Mr M K Tandon (Chairman), Mr K Balasubramanian, Dr B V R Mohan Reddy and Mr A Vellayan, all being Non-Executive Directors. Company Secretary is the Secretary of the Committee. The Managing Director, Chief Financial Officer, Sr Vice Presidents, General Manager-Head of Management Audit, along with the Statutory Auditors and the Cost Auditors are required to attend by invitation/when invited to the Meeting. The Terms of Reference/Powers of this Committee are wide enough covering all the matters specified for Audit Committee under the Listing Agreements with Stock Exchanges.

### ◆ Meetings and attendance during the year.

There were four meetings of the Audit Committee during the year 2008-2009. The attendance of each Member of the Committee is given below:

| Name of the Director  | No. of Meetings Attended |
|-----------------------|--------------------------|
| Mr K Balasubramanian* | 1                        |
| Dr B V R Mohan Reddy  | 4                        |
| Mr M K Tandon         | 4                        |
| Mr D E Udawadia**     | 2                        |
| Mr A Vellayan         | 4                        |

\*Appointed to the Committee w.e.f October 22, 2008

\*\*Resigned from the Committee w.e.f July 22, 2008

## 3. Subsidiary Company

The Minutes of the Meetings of the Board of Directors and the Financial Statements for the year ended March 31, 2009 of Parry Chemicals Limited, a wholly owned Subsidiary Company, are placed before the Board of Directors and Audit Committee, respectively, for review.

## 4. Remuneration to Directors

### a) 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. 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 as at March 31, 2009 is as follows:

| Name                 | No. of Shares |
|----------------------|---------------|
| Dr B V R Mohan Reddy | 14,000        |
| Mr K Balasubramanian | Nil           |
| Mr M K Tandon        | Nil           |
| Mr D E Udawadia      | Nil           |
| Mr A Vellayan        | 59,255        |
| Mr M M Venkatachalam | 50,080        |
| Mr S Viswanathan*    | Nil           |
| Mr R A Savoor **     | Nil           |

\*Resigned w.e.f December 23, 2008

\*\*Appointed w.e.f March 18, 2009



**b) Remuneration & Nomination Committee**

- ◆ The Remuneration & Nomination Committee presently comprises of 3 Non-Executive Directors, viz. Mr M K Tandon (Chairman), Mr M M Venkatachalam & Mr R A Savoor.
- ◆ 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.
- ◆ The Committee had met five times during the year. The details of the attendance of each member of the Committee is given below:

| Name of the Director | No. of Meetings Attended |
|----------------------|--------------------------|
| Mr M K Tandon*       | 1                        |
| Mr R A Savoor**      | -                        |
| Mr M M Venkatachalam | 5                        |
| Mr S Viswanathan***  | 3                        |
| Mr D E Udwardia@     | 3                        |

\*Appointed to the committee w.e.f January 22, 2009

\*\*Appointed to the committee w.e.f March 18, 2009

\*\*\*Resigned from the committee w.e.f December 23, 2008

@ Resigned from the committee w.e.f. February 24, 2009

**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 March 31, 2009 is as follows:

(Rupees/Lakhs)

| Name                                   | Salary | Contribution to Funds | Value of Perk & Allowances | Commission | Total  |
|--|--------|-----------------------|----------------------------|------------|--------|
| Mr V Ravichandran<br>Managing Director | 88.05  | 10.88                 | 8.09                       | 32.63      | 139.65 |

- ◆ 483500 options were granted to Mr V Ravichandran pursuant to Employee Stock Option Scheme 2007 at an exercise price of Rs.89.15 per share.
- ◆ The agreement with the Executive Director is for a period of five years (January 22, 2009 to January 21, 2014). Either party to the agreement is entitled to terminate the agreement by giving not less than 180 days notice in writing to the other party.
- ◆ The details of remuneration paid/payable to Non-Executive Directors for the financial year ended March 31, 2009:

| Non-Executive Directors | Sitting Fees (Rs) | Commission (Rs) |
|-------------------------|-------------------|-----------------|
| Mr K Balasubramanian    | 1,20,000          | 3,00,000        |
| Dr B V R Mohan Reddy    | 1,35,000          | 3,00,000        |
| Mr M K Tandon           | 1,95,000          | 3,00,000        |
| Mr D E Udwardia         | 1,20,000          | 3,00,000        |
| Mr A Vellayan           | 1,70,000          | 3,00,000        |
| Mr M M Venkatachalam    | 1,40,000          | 3,00,000        |
| Mr S Viswanathan*       | 90,000            | 2,18,630        |
| Mr R A Savoor**         | 15,000            | 11,507          |

\*Resigned w.e.f December 23, 2008

\*\*Appointed w.e.f March 18, 2009

**5. Share Transfer & Investors' Grievance Committee**

- ◆ **Details of the Members, Compliance Officer, number of complaints received and pending, and share transfers pending as on close of the financial year.**

The Share Transfer & Investors' Grievance Committee presently comprises of Mr M K Tandon (Chairman), Mr A Vellayan, Non-Executive Directors and Mr V Ravichandran, Managing Director. The Company Secretary is the Compliance Officer of the

Company. During the year the Company had received 1477 letters/complaints from the shareholders and all of them were resolved satisfactorily by furnishing the requisite information/documents to the shareholders. There were no transfers pending at the close of the financial year.

- ◆ In order to facilitate speedier redressal of investors' grievances the Company has created an exclusive email ID "Investorsgrievance@cfl.murugappa.com". Investors' and shareholders may lodge their query/complaints addressed to this email ID which would be attended to immediately.

The Committee had met twice during the year. The details of the attendance of each member of the Committee is given below:

| Name of the Director | No. of Meetings Attended |
|----------------------|--------------------------|
| Mr M K Tandon        | 2                        |
| Mr Mr A Vellayan     | 2                        |
| Mr V Ravichandran    | 2                        |

## 6. General Body Meetings:

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

| Year      | Location   | Date       | Time     |
|-----------|--|------------|----------|
| 2005-2006 | K L N Prasad Auditorium, The Federation of Andhra Pradesh Chambers of Commerce & Industry, Hyderabad | 18/07/2006 | 10.30 AM |
| 2006-2007 | Hotel Minerva Grand, CMR Complex, Besides Manju Theatre, Sarojini Devi Road, Secunderabad            | 24/07/2007 | 10.30 AM |
| 2007-2008 | Hotel Minerva Grand, CMR Complex, Besides Manju Theatre, Sarojini Devi Road, Secunderabad            | 22/07/2008 | 10.30 AM |

- ◆ Special Resolutions relating to Employees Stock Option Scheme and Payment of Commission to Non-Wholetime Directors were passed in the above Annual General Meetings.
- ◆ A Court Convened Meeting of the Members was held at Hotel Minerva Grand, CMR Complex, Besides Manju Theatre, Sarojini Devi Road, Secunderabad 500 003 on October 8, 2007 at 2.00 PM to approve the Scheme of Amalgamation of M/s Godavari Fertilisers and Chemicals Limited with the Company.
- ◆ Whether Special Resolutions were put through postal Ballot last year: - YES

One Postal Ballot was conducted in the year 2007-08 seeking Members' approval for amending the Objects Clause of the Memorandum of Association of the Company. Mr S Anand S S Rao, Practicing Company Secretary was appointed as Scrutinizer to conduct the Postal Ballot. In all 2,094 Postal Ballot forms were received, out of which, 168 were invalid. 1,904 members holding 89835999 equity shares representing 99.996% of the equity capital approved the Special Resolution and 22 members holding 3,989 equity shares representing 0.004% of the equity capital dissented to the resolution. The Chairman announced the result of the Postal Ballot on August 6, 2007.

- ◆ Whether any Special Resolutions proposed to be put through Postal Ballot this year: NO

### a. Notes on Directors seeking appointment/re-appointment

**Mr V Ravichandran** (53) is basically an Engineering Graduate and holds 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, joined the Murugappa Group and had served Parry Group of Companies mainly in the fields of finance and marketing. He also headed the Pesticides business. He is currently the Managing Director of Coromandel Fertilisers Limited.

**Mr R A Savoor** (64) is a B.Sc. Tech. He retired as Managing Director of Castrol India Ltd. with effect from April 24, 2002. He was with Castrol India Ltd. for 34 years, of which 12 years as Chief Executive and Managing Director. Under his leadership Castrol India had grown from being a minor oil Company to becoming the number two lubricant Company in India and the second largest Castrol Company worldwide. He is presently the Chairman of Foseco India Ltd and Independent Director on the Boards of EID Parry (India) Limited and Automotive Stampings and Assemblies Ltd.

**Mr M M Venkatachalam** (50) 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 over a period of two and a half decades. Mr Venkatachalam is presently the Chairman of Parry Enterprises Limited and Parry Agro Industries Limited. He also serves on the boards of Laser Words Limited, Parry Murray Limited and Ramco Systems Ltd.

## b. Other Directorships

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

| Name of the Company   | Chairmanship/<br>Directorship  | Committee  | Chairman/<br>Member   |
|---|--|--|---|
| <b>Mr V Ravichandran</b><br>Parry Chemicals Limited<br>Parry Agrochem Exports Limited   | Chairman<br>Director   | –<br>–   | –<br>–  |
| <b>Mr R A Savoor</b><br>Foseco India Limited<br><br>E.I.D.-Parry (India) Limited<br>Automotives Stampings and Assemblies Limited<br><br>Parry Infrastructure Company Pvt. Limited<br>(Subsidiary of E.I.D.-Parry (India) Limited) | Chairman<br><br>Director<br>Director<br><br>Director                                 | Audit Committee<br>Investors Grievance<br>Committee<br>Audit Committee<br>Audit Committee<br>Investors Grievance<br>Committee<br>– | Member<br>Member<br><br>Chairman<br>Chairman<br>Member<br><br>– |
| <b>Mr M M Venkatachalam</b><br>Parry Agro Industries Ltd<br><br>Parry Enterprises India Ltd<br>Cholamandalam Factoring Ltd<br>Ramco Systems Ltd<br>Polutech Ltd<br>Ambadi Enterprises Ltd<br>USV Limited                          | Chairman<br><br>Chairman<br>Director<br>Director<br>Director<br>Director<br>Director | Shareholders &<br>Investors' Grievance<br>Committee<br>–<br>–<br>Audit Committee<br>–<br>–<br>–                                    | Member<br><br>–<br>–<br>Chairman<br>–<br>–<br>–                 |

Excludes directorships in Private Limited Companies, Foreign Companies, Mutual Funds and Associations as well as Alternate Directorships.

- c. Mr R A Savoor and Mr V Ravichandran hold "nil" shares in the Company and Mr M M Venkatachalam holds 50080 shares in the Company. Mr V Ravichandran has been granted 483500 options pursuant to Employee Stock Option Scheme 2007 at an exercise price of Rs.89.15 per share.
- None of the Directors are inter-se related as per definition of the term "Relative" under the Companies Act, 1956. Mr A Vellayan, Chairman and Mr MM Venkatachalam, Director belong to the promoter group and are partners of a Firm.

## 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 XVI of Schedule 18 to the Accounts in the 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 materially important 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 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.

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.

**8. Means of Communication**

Quarterly results are published in The Business Line (all editions) and Andhra Bhoomi (Hyderabad Edition). The results are also posted on the Company's Website: [www.cflindia.com](http://www.cflindia.com) and SEBI's Website: [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in). Presentation made to the Analysts is posted on the Company's Website

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

**9. General Shareholder Information**

- ◆ Date, Time & Venue of AGM  
July 21, 2009 at 10.30 A.M.  
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 2009\*
  - iii) Half-yearly Results - last week of October 2009\*
  - iv) Third Quarter Results - last week of January 2010\*
  - v) Results for the year ending March 31, 2010- last week of June 2010\*
- \*provisional
- ◆ Date of Book Closure  
July 15 to July 21, 2009 (both days inclusive)
- ◆ Dividend 2008-2009  
Proposed final Dividend 200% (subject to approval by members at the AGM)
- ◆ Dividend Payment date (s)  
Dividend declared in earlier years
- On or after July 21, 2009  
2004-2005 - 75%  
2005-2006 - 85%  
2006-2007 - 100%  
2007-2008 - 175%  
2008-2009 - 300% (Interim)
- ◆ Listing of Shares
- Company's shares are listed at:  
The 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 Limited  
Physical Scrip Code No.6395  
Demat Scrip Code No.506395
- National Stock Exchange of India Ltd  
COROMNFERT
- ◆ ISIN for (shares) of NSDL & CDSL  
INE 169A01023

|   |  |
|---|--|
| ◆ Market Price Data :<br>High, Low during<br>each month in last Financial Year/<br>Performance in comparison to<br>BSE Sensex and S&P CNX Nifty | Please see Annexure 'A'  |
| ◆ Registrar and Transfer Agents   | Karvy Computershare Pvt. Ltd<br>Plot No. 17-24, Vithal Rao Nagar<br>Madhapur, Hyderabad - 500 081<br>Tel.No.23420815-820<br>Fax No.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 6392988 equity shares under the Employee Stock Option Scheme 2007. Each Option is convertible into an equity share of Rs.2/- each. As on March 31, 2009, all the Options are outstanding. 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<br>Shareholding pattern as on 31.3.2009  | Please see Annexure 'B'  |
| ◆ Dematerialisation of shares and liquidity   | 94.45% of the shareholding has been dematerialized as on 31.03.2009  |
| ◆ Plant Locations   | The Company's plants are located at<br>a) Malkapuram, Visakhapatnam, A.P.<br>b) Beach Road, Kakinada, A.P.<br>c) Ennore, Chennai, Tamil Nadu<br>d) Ranipet, North Arcot, Tamil Nadu<br>e) Ghansoli, Navi Mumbai<br>f) Ankleshwar, Gujarat<br>g) Baribrahmana, Jammu & Kashmir  |
| ◆ Registered Office / Address for Correspondence  | Coromandel Fertilisers Limited<br>"Coromandel House"<br>1-2-10, Sardar Patel Road,<br>Secunderabad 500 003<br>Tel. No. 040 - 27842034<br>Fax No. 040 - 27844117<br>email:Rajarammr@cfl.murugappa.com<br>email:Parvathikr@cfl.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.<br><br>Investors are advised to avail of this facility, especially investors holding securities in single name.<br><br>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. |

## 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 Bhoomi. 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 has been denied access to the audit committee.

### d. The list of promoters belonging to the Murugappa Group is given in Annexure 'C'

On behalf of the Board

  
**A Vellayan**  
Chairman

Place : Secunderabad  
Dated : April 24, 2009

## AUDITORS' CERTIFICATE

### Auditors' Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement

To the Members of Coromandel Fertilisers Limited

We have examined the compliance of conditions of Corporate Governance by Coromandel Fertilisers Limited ('the Company'), for the year ended March 31, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and 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.

  
**N. K. Varadarajan**

Partner

Membership Number F - 90196

Place: Hyderabad  
Date : April 24, 2009

For and on behalf of  
**Price Waterhouse**  
Chartered Accountants



## 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, 2009 as envisaged in clause 49 of the listing agreement with stock exchanges.

Place : Secunderabad  
Dated : April 24, 2009

*V. Ravichandran*  
**V Ravichandran**  
Managing Director

### Annexure 'A'

**Monthly High/Low of market price of the Company's shares traded on The Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE), Mumbai, and performance in comparison to BSE Sensex and S&P CNX Nifty during the period from April 2008 to March 2009 is furnished below:**

| Period   | The Bombay Stock Exchange Ltd., (Rs) |        | Sensex Index |          | National Stock Exchange of India Ltd., (Rs) |        | S&P CNX Nifty Index |         |
|----------|--------------------------------------|--------|--------------|----------|---|--------|---------------------|---------|
|          | High                                 | Low    | High         | Low      | High  | Low    | High                | Low     |
| Apr 2008 | 158.00                               | 110.05 | 17480.74     | 15297.96 | 157.70                                      | 111.00 | 6325.07             | 5656.40 |
| May 2008 | 142.50                               | 123.00 | 17735.70     | 16196.02 | 142.95                                      | 123.40 | 6364.89             | 5895.41 |
| Jun 2008 | 135.45                               | 106.05 | 16632.72     | 13405.54 | 135.90                                      | 108.20 | 5778.70             | 4929.98 |
| Jul 2008 | 181.50                               | 99.00  | 15130.09     | 12514.02 | 182.00                                      | 101.10 | 5471.01             | 4661.66 |
| Aug 2008 | 192.50                               | 156.50 | 15579.78     | 14002.43 | 192.85                                      | 157.25 | 5650.57             | 5158.55 |
| Sep 2008 | 199.90                               | 137.00 | 15107.01     | 12153.55 | 200.00                                      | 131.00 | 5514.77             | 4719.95 |
| Oct 2008 | 154.00                               | 91.10  | 13203.86     | 7697.39  | 154.60                                      | 89.30  | 4843.43             | 3095.74 |
| Nov 2008 | 127.95                               | 73.70  | 10945.41     | 8316.39  | 124.00                                      | 77.05  | 3861.78             | 3131.78 |
| Dec 2008 | 106.45                               | 82.55  | 10188.54     | 8467.43  | 106.50                                      | 73.40  | 3775.02             | 3258.54 |
| Jan 2009 | 115.65                               | 83.00  | 10469.72     | 8631.60  | 113.00                                      | 83.00  | 3835.29             | 3291.24 |
| Feb 2009 | 117.50                               | 91.50  | 9724.87      | 8619.22  | 117.50                                      | 78.50  | 3629.83             | 3366.73 |
| Mar 2009 | 101.95                               | 80.10  | 10127.09     | 8047.17  | 102.00                                      | 80.00  | 3828.51             | 3168.76 |

### Annexure 'B'

#### DISTRIBUTION OF HOLDINGS AS ON 31.03.2009

| No. of equity shares held | No. of shares    | %             | No. of shareholders | %             |
|---------------------------|------------------|---------------|---------------------|---------------|
| 1 - 5000                  | 13265699         | 9.48          | 50107               | 99.13         |
| 5001 - 10000              | 1444616          | 1.03          | 196                 | 0.39          |
| 10001 - 20000             | 1273789          | 0.91          | 94                  | 0.19          |
| 20001 - 30000             | 834626           | 0.60          | 32                  | 0.06          |
| 30001 - 40000             | 392047           | 0.28          | 11                  | 0.02          |
| 40001 - 50000             | 686943           | 0.49          | 15                  | 0.03          |
| 50001 - 100000            | 2407686          | 1.72          | 33                  | 0.07          |
| 100001 and above          | 119591542        | 85.49         | 60                  | 0.12          |
| <b>Total</b>              | <b>139896948</b> | <b>100.00</b> | <b>50548</b>        | <b>100.00</b> |
| <b>Physical mode</b>      | <b>7759220</b>   | <b>5.55</b>   | <b>29056</b>        | <b>57.48</b>  |
| <b>Demat mode</b>         | <b>132137728</b> | <b>94.45</b>  | <b>21492</b>        | <b>42.52</b>  |

**SHAREHOLDING PATTERN AS ON 31.03.2009**

| Sl.No. | Category  | No. of shares    | %             |
|--------|---|------------------|---------------|
| 1      | Promoters   | 89890210         | 64.25         |
| 2      | UTI & Mutual Funds                                  | 7545073          | 5.39          |
| 3      | Banks, Financial Institutions & Insurance Companies | 6022656          | 4.31          |
| 4      | Foreign Institutional Investors                     | 3989047          | 2.85          |
| 5      | Private Corporate Bodies                            | 2515319          | 1.80          |
| 6      | Indian Public                                       | 23353548         | 16.69         |
| 7      | NRI's/OCBs  | 1475442          | 1.05          |
| 8      | Foreign Nationals                                   | 50105            | 0.04          |
| 9      | Foreign Company                                     | 250              | 0.00          |
| 10     | Foreign Bank  | 920              | 0.00          |
| 11     | Foreign Corporate Bodies                            | 4800000          | 3.43          |
| 12     | Trusts  | 215996           | 0.15          |
| 13     | Clearing Members                                    | 38382            | 0.03          |
|        | <b>TOTAL</b>  | <b>139896948</b> | <b>100.00</b> |

**Annexure 'C'****I. List of Promoters of the Company belonging to the Murugappa Group pursuant to Regulation 3(e)(i) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.**

| Sl No. | Names of the Promoters                              | Sl No. | Names of the Promoters                          |
|--------|---|--------|---|
| 1      | E.I.D. - Parry (India) Limited and its subsidiaries | 18     | Kadamane Estates Company                        |
| 2      | Silkroad Sugar Private Ltd                          | 19     | MM Muthiah Research Foundation                  |
| 3      | New Ambadi Estates Pvt. Ltd. and its subsidiaries   | 20     | A R Lakshmi Achi Trust                          |
| 4      | Ambadi Enterprises Ltd. and its subsidiaries        | 21     | AMM Foundation                                  |
| 5      | Tube Investments of India Ltd. and its subsidiaries | 22     | AMM Medical Foundation                          |
| 6      | TII Shareholding Trust                              | 23     | M V Murugappan & family                         |
| 7      | Presmet Pvt Ltd                                     | 24     | M V Subbiah & family                            |
| 8      | Carborundum Universal Ltd. and its subsidiaries     | 25     | S Vellayan & family                             |
| 9      | Laserwords Private Ltd and its subsidiaries         | 26     | A Vellayan & family                             |
| 10     | Cholamandalam DBS Finance Ltd. and its subsidiaries | 27     | A Venkatachalam & family                        |
| 11     | Coromandel Engineering Company Limited              | 28     | M M Murugappan & family                         |
| 12     | Murugappa Educational & Medical Foundation          | 29     | M M Venkatachalam & family                      |
| 13     | AMM Arunachalam & Sons P Ltd.                       | 30     | M A Alagappan & family                          |
| 14     | AMM Vellayan Sons P Ltd.                            | 31     | Arun Alagappan & family                         |
| 15     | MM Muthiah Sons P Ltd.                              | 32     | M A M Arunachalam & family                      |
| 16     | Murugappa & Sons                                    | 33.    | Any company/entity Promoted by any of the above |
| 17     | Yelnoorkhan Group Estates                           |        |   |

**Note :** Family for the above purpose include spouse, dependent children and parents

## AUDITORS' REPORT

### TO THE MEMBERS OF COROMANDEL FERTILISERS LIMITED

1. We have audited the attached Balance Sheet of Coromandel Fertilisers Limited ('the Company'), as at March 31, 2009, and the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. *Subsidy income for the year has been recognised based on management's understanding of the current subsidy scheme in respect of the period for which the notification has been issued. In respect of subsidy income for the remaining period and for the purpose of valuation of related inventories as at March 31, 2009 at their net realisable values, subsidy rates have been computed based on management's best estimates. Necessary adjustments to such accrual /valuation and consequential impact, if any, on net profits and net assets, will be accounted for by the management on final announcement/ determination of the subsidy receivable. (Refer Notes XIX and XX on Schedule 18).*
5. Further to our comments in the Annexure referred to in paragraph 3 above, 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 appears from our examination of those books;
  - (c) The Balance Sheet, the Profit and Loss Account 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 Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - (e) On the basis of written representations received from the directors, as on March 31, 2009 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto, give in the prescribed manner the information required by the Act and *subject to our comments in paragraph 4 above, the impact of which cannot be ascertained at this stage*, give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2009;
    - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



**N. K. Varadarajan**

Partner

Membership Number F - 90196

For and on behalf of

**Price Waterhouse**

Chartered Accountants

Place: Hyderabad  
Date : April 24, 2009

## ANNEXURE TO AUDITORS' REPORT

**[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Coromandel Fertilisers Limited on the financial statements for the year ended March 31, 2009]**

1. (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.  
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.  
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. The company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, 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, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, commenting on transactions made in pursuance of such contracts or arrangements does not arise.
6. In our opinion and according to the information and explanations given to us, the company has complied with the directives issued by Reserve Bank of India and the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the company in respect of the aforesaid deposits.
7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is regular in depositing the 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 as applicable with the appropriate authorities.

- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income-tax, wealth tax and customs duty which have not been deposited on account of any dispute. The particulars of dues of sales-tax, service tax, excise duty and cess as at March 31, 2009 which have not been deposited on account of dispute are as follows:

| Name of the statute                        | Nature of dues  | Amount (Rs. in lacs) | Years to which they relate | Forum where the dispute is pending  |
|--|---|----------------------|----------------------------|---|
| Karnataka Sales tax Act, 1957              | Turnover Tax on chemical mixture fertilizers  | 8.33                 | 1993-1994 to 1996-1997     | Sales Tax Appellate Tribunal  |
| Andhra Pradesh General Sales Tax Act, 1957 | Sales tax on scrap sales, Taxable turnover / Tax on stock transfer / Tax on Government of India Subsidy/ Lease rentals / Set-offs | 135.71               | 1995-1996 to 2005-2006     | Appellate Deputy commissioner Sales Tax, Sales Tax Appellate Tribunal / Joint Commissioner of Commercial Taxes / Commercial tax Officer / Assistant Commissioner (CT) |
| West Bengal Sales Tax Act, 1994            | Disallowance of tax adjustment  | 3.51                 | 2002-2003                  | Assistant Commissioner (Appeals), West Bengal   |
| Electricity Supply Act, 1948               | Cess on generation of electricity   | 152.66               | 2003-2004 to 2008-2009     | Hon'ble High Courts of Madras and Andhra Pradesh  |
| Central Excise Act, 1944                   | Disallowance / demands relating to excise duty  | 422.11               | 1999-2003                  | Commissioner (Appeals) / Customs, Excise, Service Tax Appellate Tribunal and Hon'ble High Courts of Andhra Pradesh and Mumbai   |
| Finance Act, 1994                          | Service tax on warehousing charges  | 0.97                 | 2002-2003                  | Customs, Excise, Service Tax Appellate Tribunal   |
| The Customs Act, 1962                      | Penalty on customs duty   | 10.84                | 1998-1999                  | Customs, Excise, Service Tax Appellate Tribunal, Mumbai   |

10. The company has no accumulated losses as at March 31, 2009 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/ nidhi/mutual benefit fund/societies are not applicable to the company.
14. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
15. 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 or financial institutions during the year, are not prejudicial to the interest of the company.
16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds

raised on a short-term basis which have been used for long-term investment.

18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The company had created security in respect of debentures issued earlier. As at March 31, 2009, there are no debentures outstanding in the Company.
20. The company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.
22. The other clauses, (iii)(b), (iii)(c), (iii)(d), (iii)(f), (iii)(g) and (v)(b) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the company for the current year, since in our opinion there is no matter which arises to be reported upon under the aforesaid order.



**N. K. Varadarajan**  
Partner

Membership Number F - 90196

Place: Hyderabad  
Date : April 24, 2009

For and on behalf of  
**Price Waterhouse**  
Chartered Accountants

## BALANCE SHEET AS AT MARCH 31, 2009

Rupees in Lakhs

### I. SOURCES OF FUNDS

#### 1. Shareholders' Funds

- (a) Capital
- (b) Reserves and Surplus

#### 2. Loan Funds

- (a) Secured Loans
- (b) Unsecured Loans

#### 3. Deferred Tax Liability (net)

#### TOTAL

### II. APPLICATION OF FUNDS

#### 1. Fixed Assets

- (a) Gross Block
- (b) Less : Depreciation
- (c) Net Block
- (d) Capital Work-in-Progress  
(including capital advances)

#### 2. Investments

#### 3. Current Assets, Loans and Advances

- (a) Inventories
- (b) Sundry Debtors
- (c) Cash and Bank Balances
- (d) Other Current Assets
- (e) Loans and Advances

Less: Current Liabilities and Provisions

- (a) Liabilities
- (b) Provisions

#### Net Current Assets

#### TOTAL


Notes to the Accounts

| Schedule | March 31, 2009 | March 31, 2008 |
|----------|----------------|----------------|
|          |                |                |
| 1        | 2,797.94       | 2,797.94       |
| 2        | 109,916.11     | 76,645.56      |
|          | 112,714.05     | 79,443.50      |
| 3        | 29,705.28      | 55,316.46      |
| 4        | 142,284.71     | 48,970.87      |
|          | 171,989.99     | 104,287.33     |
|          | 7,946.71       | 8,246.71       |
|          | 292,650.75     | 191,977.54     |
|          |                |                |
| 5        | 120,497.69     | 112,592.91     |
|          | 44,094.27      | 40,138.11      |
|          | 76,403.42      | 72,454.80      |
|          | 2,780.18       | 1,084.10       |
|          | 79,183.60      | 73,538.90      |
| 6        | 16,331.04      | 7,230.82       |
| 7        | 134,751.05     | 86,486.83      |
| 8        | 10,433.30      | 10,258.95      |
| 9        | 34,149.28      | 10,721.45      |
| 10       | 88,028.85      | 27,902.89      |
| 11       | 105,276.14     | 59,390.15      |
|          | 372,638.62     | 194,760.27     |
|          |                |                |
| 12       | 163,306.67     | 72,070.50      |
| 13       | 12,195.84      | 11,481.95      |
|          | 175,502.51     | 83,552.45      |
|          | 197,136.11     | 111,207.82     |
|          | 292,650.75     | 191,977.54     |
| 17&18    |                |                |

The schedules referred to above form an integral part of the Balance Sheet

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

For and on behalf of the Board

  
**N.K. VARADARAJAN**  
 Partner  
 For and on behalf of  
**Price Waterhouse**  
 Chartered Accountants

Hyderabad: April 24, 2009

  
**V RAVICHANDRAN**  
 Managing Director

  
**P NAGARAJAN**  
 Chief Financial Officer

  
**A VELLAYAN**  
 Chairman

  
**M R RAJARAM**  
 Company Secretary



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009


Rupees in Lakhs

|   | Schedule | Year ended<br>March 31, 2009 | Year ended<br>March 31, 2008 |
|---|----------|------------------------------|------------------------------|
| <b>I. Income</b>  |          |                              |                              |
| Sales (Gross)   |          | 220,195.70                   | 221,276.33                   |
| Less: Excise Duty   |          | 4,666.92                     | 4,430.98                     |
| Sales (net)   |          | 215,528.78                   | 216,845.35                   |
| Government Subsidies  |          | 721,969.27                   | 158,888.69                   |
| Income from Business Assistance Agreement<br>(Refer note XXI (i) on Schedule18) |          | 15,859.41                    | –                            |
| Other Income  | 14       | 13,423.08                    | 4,277.03                     |
|   |          | 966,780.54                   | 380,011.07                   |
| <b>II. Expenditure</b>  |          |                              |                              |
| Manufacturing and other expenses  | 15       | 871,877.26                   | 334,473.63                   |
| Interest  | 16       | 8,472.30                     | 6,983.11                     |
| Depreciation  |          | 5,613.18                     | 5,212.52                     |
|   |          | 885,962.74                   | 346,669.26                   |
| <b>III. Profit before tax</b>   |          | 80,817.80                    | 33,341.81                    |
| Provision for Taxation  |          |                              |                              |
| - Current   |          | 31,300.00                    | 12,900.00                    |
| - Provision for taxation relating to earlier years                              |          | –                            | 120.30                       |
| - Deferred  |          | (300.00)                     | (774.99)                     |
| - Fringe Benefits Tax   |          | 180.00                       | 120.50                       |
| <b>IV. Profit after taxation</b>  |          | 49,637.80                    | 20,976.00                    |
| Balance brought forward   |          | 5,301.50                     | 4,754.03                     |
| <b>V. Available for Appropriation</b>   |          | 54,939.30                    | 25,730.03                    |
| Transfer to General Reserve   |          | 25,000.00                    | 15,000.00                    |
| Transfer from Debenture Redemption Reserve                                      |          | (1,313.87)                   | (300.00)                     |
| Interim Dividend  |          | 8,393.82                     | –                            |
| Proposed Dividend   |          | 5,595.88                     | 4,896.39                     |
| Dividend Tax  |          | 2,377.55                     | 832.14                       |
| <b>VI. Balance carried to Balance Sheet</b>                                     |          | 14,885.92                    | 5,301.50                     |
| Earnings per share - Basic (Rs.)  |          | 35.48                        | 14.99                        |
| Earnings per share - Diluted (Rs.)  |          | 35.42                        | 14.94                        |
| Notes to the Accounts   | 17&18    |                              |                              |

The schedules referred to above form an integral part of the Profit and Loss Account

This is the Profit and Loss Account referred to in our report of even date

For and on behalf of the Board

  
**N.K. VARADARAJAN**  
 Partner  
 For and on behalf of  
**Price Waterhouse**  
 Chartered Accountants

Hyderabad: April 24, 2009

  
**V RAVICHANDRAN**  
 Managing Director

  
**P NAGARAJAN**  
 Chief Financial Officer

  
**A VELLAYAN**  
 Chairman

  
**M R RAJARAM**  
 Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

Rupees in Lakhs

|  | 2008-2009    | 2007-2008   |
|--|--------------|-------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>  |              |             |
| Net Profit Before Tax  | 80,817.80    | 33,341.81   |
| Adjustments for:   |              |             |
| Depreciation   | 5,613.18     | 5,212.52    |
| Interest expense   | 8,472.30     | 6,983.11    |
| Loss on sale of fixed assets   | 351.15       | 80.13       |
| Loss on sale of Fertiliser Special Bonds   | 2,369.31     | 47.50       |
| Interest income  | (7,405.31)   | (968.98)    |
| Dividend income  | (2,758.70)   | (343.17)    |
| Foreign exchange fluctuation   | 1,600.86     | 503.11      |
| Mark to Market of Fertiliser Special Bonds   | 10,452.34    | 1,291.71    |
| Provision for Diminution in Value of Other Investments   | –            | 12.00       |
| Provision for doubtful debts no longer required, written back                                    | (44.02)      | (254.34)    |
| Provision for doubtful debts and advances  | 99.40        | 85.12       |
| Bad debts written off  | 75.51        | 289.30      |
| <b>Operating Profit Before Working Capital Changes</b>   | 99,643.82    | 46,279.82   |
| Adjustments for:   |              |             |
| (Increase)/Decrease in trade and other receivables   | (45,296.79)  | 51,648.56   |
| (Increase)/Decrease in inventories   | (48,264.22)  | (24,251.78) |
| Increase/(Decrease) in trade payables  | 92,128.26    | (934.90)    |
| Receipt of Fertiliser Companies' Government of India Special Bonds in lieu of subsidy receivable | (199,273.00) | (51,194.60) |
| Proceeds from sale of Fertiliser companies' Govt of India Special Bonds                          | 126,325.00   | 21,952.50   |
| <b>Cash Generated From Operations</b>  | 25,263.07    | 43,499.60   |
| Interest received  | 6,510.87     | 419.45      |
| Direct Taxes paid (net of refunds)   | (32,382.39)  | (11,231.12) |
| <b>Net Cash from Operating Activities</b>  | (608.45)     | 32,687.93   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>  |              |             |
| Purchase of fixed assets   | (11,652.53)  | (4,287.99)  |
| Sale of fixed assets   | 43.33        | 75.46       |
| Purchase of Long term investments - others   | (14,270.31)  | (16,829.44) |
| Sale of Long term investments - others   | 2,670.09     | –           |
| Purchase of investments - in units of mutual funds   | (458,900.00) | –           |
| Sale of investments - units of mutual funds  | 461,400.00   | –           |
| Dividends received - Trade investments   | 1,418.49     | 1.63        |
| Dividends received - others  | 1,340.21     | 341.54      |
| <b>Net Cash Used In Investing Activities</b>   | (17,950.72)  | (20,698.80) |

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

Rupees in Lakhs

### C. CASH FLOW FROM FINANCING ACTIVITIES


|  | 2008-2009        | 2007-2008          |
|--|------------------|--------------------|
| Proceeds from long term borrowings                           | –                | 1,212.46           |
| Repayment of long term borrowings                            | (14,779.27)      | (7,284.35)         |
| Increase/(Decrease) in working capital finance               | 80,520.96        | (1,826.48)         |
| Dividends paid (including tax thereon)                       | (15,287.09)      | (3,509.77)         |
| Interest paid  | (8,467.60)       | (7,153.05)         |
| <b>Net Cash from Financing Activities</b>                    | <b>41,987.00</b> | <b>(18,561.19)</b> |
| <b>Net Increase/ (Decrease) in Cash And Cash Equivalents</b> | <b>23,427.83</b> | <b>(6,572.06)</b>  |
| Cash and Cash Equivalents at the beginning of the year       | 10,721.45        | 17,293.51          |
| <b>Cash and Cash Equivalents at the end of the year</b>      | <b>34,149.28</b> | <b>10,721.45</b>   |

#### Notes:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statements notified under section 211 (3C) of the Act.
2. The Government of India, Ministry of Chemicals and Fertilisers, has issued 'Government of India Special Bonds' towards the subsidy receivable. These bonds classified under 'Investments' in the previous year have been reclassified as 'Other Current Assets' (Schedule 10) as the management is of the opinion that this would reflect the true intent of its nature. Accordingly, the same has been reclassified in this statement from 'Cash flow from Investing Activities' to 'Cash flow from Operating Activities'.

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

For and on behalf of the Board

  
**N.K. VARADARAJAN**  
 Partner  
 For and on behalf of  
**Price Waterhouse**  
 Chartered Accountants

Hyderabad: April 24, 2009

  
**V RAVICHANDRAN**  
 Managing Director

  
**P NAGARAJAN**  
 Chief Financial Officer

  
**A VELLAYAN**  
 Chairman

  
**M R RAJARAM**  
 Company Secretary

## SCHEDULES FORMING PART OF THE BALANCE SHEET

|   |  | Rupees in Lakhs |                |
|---|--|-----------------|----------------|
|   |  | March 31, 2009  | March 31, 2008 |
| <b>I. CAPITAL</b>   |  |                 |                |
| Authorised<br>175,000,000 Equity Shares of Rs.2/- each  |  | 3,500.00        | 3,500.00       |
| Issued and Subscribed*<br>139,896,948 (2008: 139,896,948) Equity Shares of Rs. 2/- each fully paid-up   |  | 2,797.94        | 2,797.94       |
| * NOTES:  |  |                 |                |
| (A) Of the above, since inception:  |  |                 |                |
| (i) 5,806,100 Equity Shares of Rs. 2/- each fully paid-up have been allotted pursuant to contracts without payments being received in cash.   |  |                 |                |
| (ii) 69,278,790 Equity Shares of Rs. 2/- each fully paid-up have been issued as Bonus Shares by capitalisation of a part of General Reserve.  |  |                 |                |
| (iii) 4,409,440 Equity Shares of Rs. 2/- each fully paid-up have been issued at a premium of Rs. 2/- per share to the Debenture Holders and Public Financial Institutions pursuant to the right exercised by them for converting a part of their Debentures/Loan amounts into fully paid-up Equity Shares.  |  |                 |                |
| (B) 4,864,000 Equity Shares of Rs. 10/- each fully paid-up have been bought back at a price of Rs. 65/- per share from the shareholders pursuant to the offer for buy back of equity shares made during the year ended March 31, 2000.  |  |                 |                |
| (C) 29,749,505 Equity Shares of Rs. 2/- each fully paid-up have been allotted to the shareholders of E.I.D. Parry (India) Limited in the ratio of one share of the Company for every three shares of E.I.D. Parry (India) Limited, pursuant to the scheme of arrangement (demerger) between E.I.D. Parry (India) Limited and the Company for the acquisition of Farm Inputs Division of E.I.D. Parry (India) Limited. |  |                 |                |
| (D) 831,981 Equity shares of Rs.2/- each fully paid up have been allotted to the shareholders of Ficom Organics Limited in the ratio of 3 shares of the company for every 11 shares of Ficom Organics Limited pursuant to the Scheme of Amalgamation between Ficom Organics Limited and Rasilah Investments Limited and the Company.  |  |                 |                |
| (E) 12,037,182 Equity shares of Rs.2/- each fully paid up have been 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.  |  |                 |                |
| (F) Of the total Equity Share Capital, as at March 31, 2009, E.I.D. Parry (India) Limited (Holding Company) holds 87,947,790 (2008: 87,719,035) Equity Shares of Rs. 2/- each fully paid-up.  |  |                 |                |
| <b>Total</b>  |  | 2,797.94        | 2,797.94       |
|   |  |                 |                |

## ...SCHEDULES

|  |                      | Rupees in Lakhs |                |
|--|----------------------|-----------------|----------------|
|  |                      | March 31, 2009  | March 31, 2008 |
| <b>2. RESERVES AND SURPLUS</b>   |                      |                 |                |
| Capital Reserve  |                      |                 |                |
| Per last Balance Sheet   |                      | 13,564.83       | 852.94         |
| Add: On Amalgamation   |                      | –               | 12,711.89      |
|  | <b>(A)</b>           | 13,564.83       | 13,564.83      |
| Capital Reserve  |                      | 14.97           | 14.97          |
| Capital Redemption Reserve   |                      | 486.40          | 486.40         |
| Share Premium Account  |                      | 6,006.01        | 6,006.01       |
| Central Subsidy  |                      | 11.25           | 11.25          |
|  | <b>(B)</b>           | 6,518.63        | 6,518.63       |
| Debenture Redemption Reserve   |                      |                 |                |
| Per last Balance Sheet   |                      | 1,313.87        | 1,613.87       |
| Less: Transfer to Profit and Loss Account  |                      | (1,313.87)      | (300.00)       |
|  | <b>(C)</b>           | –               | 1,313.87       |
| Investment Allowance Reserve (Utilised) Account  |                      |                 |                |
| Per last Balance Sheet   |                      | 1,428.42        | –              |
| Add: Transferred on Amalgamation   |                      | –               | 1,428.42       |
| Less: Transfer to Amalgamation Adjustment Account*   |                      | 1,428.42        | –              |
|  | <b>(D)</b>           | –               | 1,428.42       |
| General Reserve  |                      |                 |                |
| Per last Balance Sheet   |                      | 49,961.70       | 34,961.70      |
| Add: Transfer from Profit and Loss Account   |                      | 25,000.00       | 15,000.00      |
|  | <b>(E)</b>           | 74,961.70       | 49,961.70      |
| Profit and Loss Account  | <b>(F)</b>           | 14,885.92       | 5,301.50       |
|  | <b>{A+B+C+D+E+F}</b> | 109,931.08      | 78,088.95      |
| Less: Amalgamation Adjustment Account  |                      |                 |                |
| Per last Balance Sheet   |                      | 1,443.39        | –              |
| Add: On Amalgamation   |                      | –               | 1,443.39       |
| Less: Transfer from Investment Allowance Reserve (Utilised) Account  |                      | 1,428.42        | –              |
|  |                      | 14.97           | 1,443.39       |
|  | <b>Total</b>         | 109,916.11      | 76,645.56      |
| *Adjusted against Amalgamation Adjustment Account on completion of the statutory period of ten years under the Income Tax Act, 1961. |                      |                 |                |
| <b>3. SECURED LOANS</b>  |                      |                 |                |
| (Refer Note VIII on Schedule 18)   |                      |                 |                |
| (a) Debentures   |                      | –               | 5,250.00       |
| (b) Term Loans   |                      |                 |                |
| - Banks  |                      |                 |                |
| - Foreign Currency Loans   |                      | 4,471.85        | 6,549.73       |
| - Rupee Loans  |                      | 5,666.67        | 12,427.08      |
| - Others   |                      | 2,037.34        | 2,653.95       |
| (c) Banks - Cash Credit and Working Capital Demand Loans   |                      |                 |                |
| - Foreign Currency Loans   |                      | 1,014.80        | 21,322.77      |
| - Rupee Loans  |                      | 16,514.62       | 7,112.93       |
|  | <b>Total</b>         | 29,705.28       | 55,316.46      |
| <b>4. UNSECURED LOANS</b>  |                      |                 |                |
| (a) Short Term Loans   |                      |                 |                |
| - From Banks   |                      |                 |                |
| - Foreign Currency Loans   |                      | 87,992.07       | 33,513.72      |
| - Rupee Loans  |                      | 45,000.00       | 6,450.25       |
| (b) From other than banks, other than short term   |                      |                 |                |
| - Sales Tax Deferral   |                      | 2.78            | 77.15          |
| - Security/Trade and Other Deposits  |                      | 9,289.86        | 8,929.75       |
|  | <b>Total</b>         | 142,284.71      | 48,970.87      |

5. FIXED ASSETS

| Description  | COST or VALUATION    |                             |                         | DEPRECIATION         |                     |              |                            | NET BOOK VALUE      |                      |
|--|----------------------|-----------------------------|-------------------------|----------------------|---------------------|--------------|----------------------------|---------------------|----------------------|
|  | As at 1st April 2008 | Additions                   | Deductions/ Adjustments | As at March 31, 2009 | Upto March 31, 2008 | For the year | On Deductions/ Adjustments | Upto March 31, 2009 | As at March 31, 2009 |
| Land   |                      |                             |                         |                      |                     |              |                            |                     |                      |
| – Freehold   | 26,067.98            | –                           | –                       | 26,067.98            | –                   | –            | –                          | –                   | 26,067.98            |
| – Leasehold  | 1,287.51             | –                           | –                       | 1,287.51             | 120.10              | 18.58        | –                          | 138.68              | 1,148.83             |
| Buildings  | 6,586.02             | 1,066.52                    | 24.44                   | 7,628.10             | 1,449.86            | 215.70       | 13.88                      | 1,651.68            | 5,976.42             |
| Roads  | 724.28               | 43.29                       | 0.18                    | 767.39               | 79.97               | 14.13        | 0.09                       | 94.01               | 673.38               |
| Railway Siding   | 632.64               | 38.66                       | 8.52                    | 662.78               | 254.93              | 30.58        | 8.09                       | 277.42              | 385.36               |
| Plant and Machinery                                      | 74,621.85            | 6,026.37                    | 1,740.24                | 78,907.98            | 36,824.45           | 4,676.96     | 1,425.87                   | 40,075.54           | 38,832.44            |
| Office Equipment, Furniture and Fittings                 | 1,902.14             | 2,331.87                    | 191.07                  | 4,042.94             | 1,045.37            | 511.39       | 145.41                     | 1,411.35            | 2,631.59             |
| Vehicles   | 759.51               | 449.57                      | 87.05                   | 1,122.03             | 352.45              | 145.84       | 63.68                      | 434.61              | 687.42               |
| Technical Know-how                                       | 10.98                | –                           | –                       | 10.98                | 10.98               | –            | –                          | 10.98               | –                    |
| Total  | 112,592.91           | 9,956.28                    | 2,051.50                | 120,497.69           | 40,138.11           | 5,613.18     | 1,657.02                   | 44,094.27           | 76,403.42            |
| Previous Year  | 72,365.64            | 40,708.83<br>(Refer Note 3) | 481.56                  | 112,592.91           | 35,251.56           | 5,212.52     | 325.97                     | 40,138.11           | 72,454.80            |
| Capital work in Progress<br>(Including capital advances) |                      |                             |                         |                      |                     |              |                            |                     | 2,780.18             |
|  |                      |                             |                         |                      |                     |              |                            |                     | 1,084.10             |

Notes:

1. Land taken over from GFCL, pursuant to the amalgamation is pending mutation in the name of the Company.
2. Additions to Plant and Machinery and Buildings for the year include interest capitalised amounting to Rs.111.34 lacs (2008: Rs. Nil).
3. Includes Rs. 36,310.12 lacs taken over pursuant to the Scheme of Amalgamation of Godavari Fertilisers and Chemicals Limited (GFCL) with the Company in the previous year.



## ...SCHEDULES

|  |  | Rupees in Lakhs |                |
|--|--|-----------------|----------------|
|  |  | March 31, 2009  | March 31, 2008 |
| <b>6. INVESTMENTS - LONG TERM - AT COST</b>                                    |  |                 |                |
| <b>I. TRADE INVESTMENTS</b>  |  |                 |                |
| UNQUOTED   |  |                 |                |
| <b>Prathyusha Chemicals and Fertilisers Limited</b>                            |  | 143.00          | 143.00         |
| 1,430,000 Equity Shares of Rs. 10/- each, fully paid-up                        |  |                 |                |
| Less : Provision for diminution in value                                       |  | 141.00          | 141.00         |
|  |  | 2.00            | 2.00           |
| <b>Indian Potash Limited</b>   |  | 4.50            | 4.50           |
| 90,000 Equity Shares of Rs. 10/- each, fully paid-up                           |  |                 |                |
| <b>Foskor (PTY) Limited, South Africa</b>                                      |  | 23.02           | 23.02          |
| 199,590 Ordinary shares of South African Rand 1 each fully paid-up             |  |                 |                |
| Nil (2008 : 23,500,000) "B" Class Shares of                                    |  | –               | 2,670.09       |
| South African Rand 1 each fully paid-up  |  |                 |                |
| <b>Tunisian Indian Fertilisers S.A., Tunisia</b>                               |  | 7,365.83        | 1,193.17       |
| 3,375,000 (2008 : 1,350,000) Ordinary shares of                                |  |                 |                |
| Tunisian Dinars (TND) 10 each.   |  |                 |                |
| {Of the above 1,350,000 have been fully paid up                                |  |                 |                |
| (2008 :TND 2.50 per share paid-up) and   |  |                 |                |
| 2,025,000 (2008 : Nil) shares of TND 3.70 per share paid-up}                   |  |                 |                |
| Refer note XXI(h) on Schedule 18   |  |                 |                |
| <b>Bharuch Enviro Infrastructure Limited</b>                                   |  | 1.61            | 1.61           |
| 16,100 Equity Shares of Rs. 10/- each, fully paid-up                           |  |                 |                |
| <b>Bharuch Eco Aqua Infrastructure Limited</b>                                 |  | 27.50           | 27.50          |
| 275,000 Equity Shares of Rs. 10/- each, fully paid-up                          |  |                 |                |
| <b>A.P.Gas Power Corporation Limited</b>                                       |  | 753.75          | 753.75         |
| 1,340,000 Equity shares of Rs.10 each fully paid                               |  |                 |                |
| (A)  |  | 8,178.21        | 4,675.64       |
| <b>II. OTHER THAN TRADE INVESTMENTS - UNQUOTED</b>                             |  |                 |                |
| IDBI Flexibonds  |  | 2.00            | 2.00           |
| 40 bonds of Rs. 5,000/- each, fully paid-up                                    |  |                 |                |
| (B)  |  | 2.00            | 2.00           |
| <b>III. SUBSIDIARY COMPANIES - UNQUOTED</b>                                    |  |                 |                |
| <b>Parry Chemicals Limited</b>   |  | 50.00           | 50.00          |
| 500,000 Equity Shares of Rs.10/- each, fully paid-up                           |  |                 |                |
| <b>CFL Mauritius Limited, Mauritius</b>  |  | 7,774.09        | –              |
| 18,025,000 (2008: Nil) Ordinary Shares of USD 1 each, fully paid -up.          |  |                 |                |
| <b>IV. LIMITED LIABILITY PARTNERSHIP - WHOLLY OWNED, UNQUOTED</b>              |  |                 |                |
| Coromandel Brasil Limitada , Sau Paulo, Brasil                                 |  | 104.66          | –              |
| 4,950 (2008 : Nil) Ordinary Shares of Brazilian Real 100 each, fully paid -up. |  |                 |                |
| <b>V. JOINT VENTURE COMPANY - TRADE, UNQUOTED</b>                              |  |                 |                |
| <b>Coromandel Getax Phosphates Pte Ltd, Singapore</b>                          |  | 218.90          | –              |
| 500,000 (2008 : Nil) Ordinary Shares of USD 1 each, fully paid -up.            |  |                 |                |
| (C)  |  | 8,147.65        | 50.00          |

## ...SCHEDULES

Rupees in Lakhs

### CURRENT INVESTMENTS - AT COST OR BELOW\* (Contd.....)

#### QUOTED

##### Glaxo Smithkline Pharmaceuticals Limited

38 Equity Shares of Rs. 10/- each, fully paid-up

##### Peninsula Land Limited

245 Equity Shares of Rs. 2/- each, fully paid-up (formerly Morarjee Realities Ltd. )

##### Tata Motors Limited

28 equity shares of Rs.10/- each , fully paid up

##### Alpha Laval Limited

47 Equity Shares of Rs. 10/- each, fully paid-up

##### Corporation Bank Limited

500 Equity Shares of Rs. 10/- each, fully paid-up

##### Aditya Birla Nuvo Limited

11 Equity Shares of Rs. 10/- each, fully paid-up, (formerly Birla Global Finance Limited )

##### PH Capital Limited

2900 Equity Shares of Rs. 10/- each, fully paid-up

##### Ashnoor Textile Mills Limited

238 Equity Shares of Rs. 10/- each, fully paid-up (formerly Gupta Carpet Udyog Limited)

##### Indian Card Clothing Company Limited

2 Equity Shares of Rs. 10/- each, fully paid-up

##### ISMT Limited

Reconstructed to 425 equity Shares of Rs. 5/- each fully paid-up, (formerly Indian Seamless Metal Tubes Limited)

##### I G Petrochemicals Limited

13,000 Equity Shares of Rs. 10/- each, fully paid-up

##### Laxmi Electrical Control Systems Limited

2 Equity Shares of Rs. 10/- each, fully paid-up

##### UTI Master Shares

1,000 Equity Shares of Rs. 10/- each, fully paid-up

##### Super Sales India Limited

80 Equity Shares of Rs. 10/- each, fully paid-up (formerly Super Sales Agencies Ltd.)

##### Tata Steel Limited

49 Equity Shares of Rs. 10/- each, fully paid-up (formerly Tata Iron and Steel Company Ltd.)

##### Tata Power Company Limited

120 Equity Shares of Rs. 10/- each, fully paid-up

Less: Provision for diminution in value

(D)

#### Investment in Mutual Funds

DBS Chola Short Term Floating Rate Fund

(E)

#### Total

{A+B+C+D+E}

\*Aggregate Market Value of Quoted Investments - Rs. 5.02 lacs  
(2008: Rs. 10.90 lacs)

Aggregate Value of Quoted Investments - Rs. 3.18 lacs (2008: Rs. 3.18 lacs)

Aggregate Value of Unquoted Investments - Rs. 16,327.86 lacs  
(2008: Rs. 32,630.53 lacs)

For quantitative details of investments purchased and sold during the year, refer Note XIV(d) on Schedule 18.

| March 31, 2009 | March 31, 2008 |
|----------------|----------------|
|                |                |
| 0.16           | 0.16           |
| 0.14           | 0.14           |
| 0.10           | 0.10           |
| 0.24           | 0.24           |
| 0.40           | 0.40           |
| 0.01           | 0.01           |
| 0.29           | 0.29           |
| 0.05           | 0.05           |
| —              | —              |
| 0.07           | 0.07           |
| 12.64          | 12.64          |
| —              | —              |
| 0.15           | 0.15           |
| 0.04           | 0.04           |
| 0.10           | 0.10           |
| 0.16           | 0.16           |
| 14.55          | 14.55          |
| 11.37          | 11.37          |
| 3.18           | 3.18           |
| —              | 2,500.00       |
| —              | 2,500.00       |
| 16,331.04      | 7,230.82       |
|                |                |

## ...SCHEDULES

|  |              | Rupees in Lakhs   |                  |
|--|--------------|-------------------|------------------|
|  |              | March 31, 2009    | March 31, 2008   |
| <b>7. INVENTORIES</b>  |              |                   |                  |
| Stores and Spare Parts*  |              | 2,980.68          | 3,070.78         |
| Raw Materials*   |              | 81,477.50         | 63,657.36        |
| Work-in-process**  |              | 1,518.60          | 934.57           |
| Finished Goods**   |              | 48,774.27         | 18,824.12        |
| <b>Total</b>   |              | <b>134,751.05</b> | <b>86,486.83</b> |
| *At cost or under  |              |                   |                  |
| **At cost or net realisable value, whichever is lower                                      |              |                   |                  |
| Raw Materials include Materials in Transit of Rs. 8,494.52 lacs (2008: Rs. 8,226.50 lacs). |              |                   |                  |
| <b>8. SUNDRY DEBTORS</b>   |              |                   |                  |
| (Considered good, unless otherwise stated)   |              |                   |                  |
| Debts outstanding for a period exceeding six months  |              |                   |                  |
| Secured  |              | 143.74            | 71.00            |
| Unsecured  |              | 507.99            | 715.18           |
| Unsecured - Considered Doubtful  |              | 493.16            | 437.78           |
|  |              | 1,144.89          | 1,223.96         |
| Less: Provision for Doubtful Debts   |              | 493.16            | 437.78           |
|  | <b>(A)</b>   | <b>651.73</b>     | <b>786.18</b>    |
| Other Debts  |              |                   |                  |
| Secured  |              | 1,302.56          | 1,106.99         |
| Unsecured*   |              | 8,479.01          | 8,365.78         |
|  | <b>(B)</b>   | <b>9,781.57</b>   | <b>9,472.77</b>  |
| <b>Total</b>   | <b>{A+B}</b> | <b>10,433.30</b>  | <b>10,258.95</b> |
| *Includes due from a subsidiary company: Rs. 285.84 lacs (2008: Rs. 269.84 lacs)           |              |                   |                  |
| <b>9. CASH AND BANK BALANCES</b>   |              |                   |                  |
| Cash on Hand   |              | 16.34             | 13.65            |
| Balances with Scheduled Banks:   |              |                   |                  |
| - On Current Accounts  |              | 34,072.29         | 9,369.91         |
| - On Deposit Accounts  |              | -                 | 1,000.00         |
| - On Margin Money Accounts   |              | 54.57             | 336.54           |
| Balances with non-Scheduled Banks:   |              |                   |                  |
| - On Current Account - Ned Bank, South Africa*   |              | 6.08              | 1.35             |
| <b>Total</b>   |              | <b>34,149.28</b>  | <b>10,721.45</b> |
| *Maximum balance outstanding during the year - Rs. 2,610.17 lacs (2008: Rs. 33.54 lacs)    |              |                   |                  |
| <b>10. OTHER CURRENT ASSETS</b>  |              |                   |                  |
| 8.30% Fertiliser Companies' Government of India Special Bonds 2023                         |              | -                 | 18,600.00        |
| 7.95% Fertiliser Companies' Government of India Special Bonds 2026                         |              | -                 | 10,594.60        |
| 7.00% Fertiliser Companies' Government of India Special Bonds 2022                         |              | 15,250.90         | -                |
| 6.20% Fertiliser Companies' Government of India Special Bonds 2022                         |              | 38,931.00         | -                |
| 6.65% Fertiliser Companies' Government of India Special Bonds 2023                         |              | 45,591.00         | -                |
|  |              | 99,772.90         | 29,194.60        |
| Less: Mark to Market write down  |              | 11,744.05         | 1,291.71         |
| Refer note XXI(g) on Schedule 18   |              |                   |                  |
| <b>Total</b>   |              | <b>88,028.85</b>  | <b>27,902.89</b> |

## ...SCHEDULES

|   |  | Rupees in Lakhs   |                  |
|---|--|-------------------|------------------|
|   |  | March 31, 2009    | March 31, 2008   |
| <b>11. LOANS AND ADVANCES</b>   |  |                   |                  |
| (Unsecured and considered good unless otherwise stated)   |  |                   |                  |
| Interest accrued but not due on deposits/loans/ Fertilisers special bonds                               |  | 1,503.26          | 608.83           |
| Advances recoverable in cash or in kind or for value to be received                                     |  |                   |                  |
| Considered Good   |  | 6,472.63          | 5,065.61         |
| Considered Doubtful   |  | 6.08              | 6.08             |
| Government Subsidies Receivable   |  | 94,686.68         | 52,193.68        |
| Deposits with Government Bodies   |  | 1,445.84          | 863.10           |
| Balances with Excise, Customs, Port Trust etc.,   |  | 1,167.73          | 658.93           |
|   |  | 105,282.22        | 59,396.23        |
| Less: Provision for Doubtful Advances   |  | 6.08              | 6.08             |
| <b>Total</b>  |  | <b>105,276.14</b> | <b>59,390.15</b> |
| <b>12. LIABILITIES</b>  |  |                   |                  |
| Acceptances   |  | 29,660.69         | 334.33           |
| Sundry Creditors  |  |                   |                  |
| - Outstanding dues of Micro and Small Enterprises   |  | —                 | —                |
| - Outstanding dues of other than Micro and Small Enterprises  |  | 127,426.20        | 66,387.15        |
| Unclaimed dividends*  |  | 370.85            | 109.06           |
| Unclaimed matured fixed deposits*   |  | —                 | 0.86             |
| Unclaimed interest on fixed deposits*   |  | —                 | 0.06             |
| Cheques issued but not encashed   |  |                   |                  |
| - Fixed Deposit Refunds*  |  | 0.45              | 0.09             |
| Advances and Deposits   |  | 4,708.85          | 4,218.77         |
| Other Liabilities   |  | 320.96            | 206.21           |
| Interest accrued but not due on loans/security deposits   |  | 818.67            | 813.97           |
| <b>Total</b>  |  | <b>163,306.67</b> | <b>72,070.50</b> |
| *There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund. |  |                   |                  |
| <b>13. PROVISIONS</b>   |  |                   |                  |
| Taxation (net of advance tax)   |  | 2,186.81          | 3,102.10         |
| Dividend  |  | 5,595.88          | 4,896.39         |
| Tax on Dividend   |  | 951.02            | 832.14           |
| Fringe Benefits Tax (net of advance tax)  |  | 3.56              | (9.34)           |
| Employee Benefits   |  | 1,461.04          | 1,535.28         |
| Others (Refer Note XXI(k) on Schedule 18)   |  | 1,997.53          | 1,125.38         |
| <b>Total</b>  |  | <b>12,195.84</b>  | <b>11,481.95</b> |

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Rupees in Lakhs

|  | Year ended<br>March 31, 2009 | Year ended<br>March 31, 2008 |
|--|------------------------------|------------------------------|
| <b>14. OTHER INCOME</b>  |                              |                              |
| Interest on loans/deposits, Fertiliser Special bonds,<br>income tax refunds, etc. (Gross)<br>[Tax deducted at source Rs. 937.78 lacs (2008: Rs. 44.58 lacs)] | 7,405.31                     | 968.98                       |
| Dividend (Gross)   |                              |                              |
| - On trade investments<br>[Tax deducted at source Rs. Nil (2008: Rs. Nil)]   | 1,418.49                     | 1.63                         |
| - On other investments<br>[Tax deducted at source Rs. Nil (2008: Rs. Nil)]   | 1,340.21                     | 341.54                       |
| Provision for doubtful debts no longer required, written back  | 44.02                        | 254.34                       |
| Other provisions no longer required, written back  | 713.02                       | 360.30                       |
| Service Income   | 533.44                       | 501.76                       |
| DEPB Income / Excise Benefits  | 617.86                       | 725.35                       |
| Miscellaneous Income   | 1,350.73                     | 1,123.13                     |
| <b>Total</b>   | <b>13,423.08</b>             | <b>4,277.03</b>              |
| <b>15. MANUFACTURING AND OTHER EXPENSES</b>  |                              |                              |
| Raw Materials Consumed   | 722,918.69                   | 259,778.33                   |
| Stores Consumed  | 9,247.19                     | 8,338.23                     |
| Power, Fuel and Water  | 6,304.76                     | 6,618.10                     |
| Purchase of Goods for Resale   | 100,491.48                   | 13,711.55                    |
| Salaries, Wages and Bonus  | 10,413.44                    | 7,943.00                     |
| Contribution to Provident Fund and Other Funds   | 1,427.08                     | 794.70                       |
| Staff Welfare  | 1,498.04                     | 1,028.30                     |
| Equipment Lease Rentals  | —                            | 181.51                       |
| Rent   | 833.94                       | 508.96                       |
| Repairs to:  |                              |                              |
| Plant and Machinery  | 3,713.97                     | 3,083.62                     |
| Buildings  | 215.15                       | 549.99                       |
| Others   | 2,336.62                     | 461.64                       |
| Insurance  | 271.56                       | 283.23                       |
| Rates and Taxes  | 822.40                       | 342.58                       |
| Travel   | 1,436.08                     | 1,105.78                     |
| Communication  | 364.26                       | 256.82                       |
| Freight and Distribution   | 19,241.58                    | 16,588.27                    |
| Commission to other Selling Agents   | 236.20                       | 134.65                       |
| Directors' Fees  | 9.85                         | 9.55                         |
| Loss/(Profit) on Sale/Scrap of Fixed Assets (net)  | 351.15                       | 80.13                        |
| Provision for Doubtful Debts and Advances  | 99.40                        | 85.12                        |
| Loss on Sale of Fertiliser Special Bonds   | 2,369.31                     | 47.50                        |
| Mark to Market of Fertiliser Special Bonds   | 10,452.34                    | 1,291.71                     |
| Provision for Diminution in Value of Other Investments   | —                            | 12.00                        |
| Bad Debts Written Off  | 75.51                        | 289.30                       |
| Miscellaneous Expenses   | 7,281.44                     | 4,379.47                     |
| (Increase)/Decrease in Stock:  |                              |                              |
| Stock as at April 1,   |                              |                              |
| Work-in-Process  | 934.57                       | 837.32                       |
| Finished Goods   | 18,824.12                    | 19,400.43                    |
| Add: On Amalgamation - Finished Goods  | —                            | 6,090.54                     |
|  | <b>19,758.69</b>             | <b>26,328.29</b>             |
| Less: Stock as at March 31,  |                              |                              |
| Work-in-process  | 1,518.60                     | 934.57                       |
| Finished Goods   | 48,774.27                    | 18,824.12                    |
|  | <b>50,292.87</b>             | <b>19,758.69</b>             |
| (Increase)/Decrease in Stock   | <b>(30,534.18)</b>           | <b>6,569.60</b>              |
| <b>Total</b>   | <b>871,877.26</b>            | <b>334,473.63</b>            |
| <b>16. INTEREST</b>  |                              |                              |
| On Debentures/Term Loans   | 1,552.82                     | 2,316.60                     |
| Others   | 6,919.48                     | 4,666.51                     |
| <b>Total</b>   | <b>8,472.30</b>              | <b>6,983.11</b>              |

## ...SCHEDULES

|   | Year ended<br>March 31, 2009<br>Metric Tonnes | Year ended<br>March 31, 2008<br>Metric Tonnes |
|---|---|---|
| <b>17. Capacity, Production, Sales, Consumption and Stocks</b>  |   |   |
| Quantitative information in respect of goods manufactured/purchased   |   |   |
| <b>(A) Licensed Capacity per annum</b>  |   |   |
| (i) Fertilisers   |   |   |
| Ammonium Phosphatic Fertilisers   | 2,310,000                                     | 2,310,000                                     |
| Di-Ammonium Phosphate (DAP)   | 815,000                                       | 815,000                                       |
| Single Super Phosphate  | 132,000                                       | 132,000                                       |
| In terms of plant nutrients, this works out to  |   |   |
| N (Nitrogen)  | 572,600                                       | 572,600                                       |
| P <sub>2</sub> O <sub>5</sub> (Phosphorus Pentoxide)  | 1,035,770                                     | 1,035,770                                     |
| (ii) Plant Protection Products  | Not applicable                                | Not applicable                                |
| Plant Protection Products are not covered by the list of industries in respect of which industrial licensing is compulsory.           |   |   |
| <b>(B) Installed Capacity per annum</b>   |   |   |
| (as certified by the management and not verified by the auditors, being a technical matter)   |   |   |
| (i) Fertilisers   |   |   |
| Phosphatic fertilisers of various grades equivalent in terms of plant nutrients   |   |   |
| N (Nitrogen)  | 411,100                                       | 411,100                                       |
| P <sub>2</sub> O <sub>5</sub> (Phosphorus Pentoxide)  | 758,520                                       | 758,520                                       |
| The installed capacity in terms of products is capable of being varied within the overall capacity in terms of nutrients shown above. |   |   |
| (ii) Plant Protection Products  |   |   |
| Technicals  | 14,580  | 13,905  |
| Formulations - Liquids (in KL)  | 10,900  | 10,900  |
| Formulations - Others   | 5,600   | 5,600   |
| <b>(C) Production</b>   |   |   |
| (i) Fertilisers   |   |   |
| Ammonium Phosphatic Fertilisers   | 1,475,845                                     | 1,381,524                                     |
| Di-Ammonium Phosphate (DAP)*  | 518,217                                       | 567,785                                       |
| Single Super Phosphate  | 89,853  | 67,829  |
| In terms of plant nutrients, this works out to  |   |   |
| N (Nitrogen)  | 344,047                                       | 346,146                                       |
| P <sub>2</sub> O <sub>5</sub> (Phosphorus Pentoxide)  | 615,807                                       | 620,679                                       |
| (ii) Plant Protection Products  |   |   |
| (including third party production)  |   |   |
| Technicals  | 5,914   | 6,483   |
| Formulations - Liquids (in KL)  | 5,718   | 4,916   |
| Formulations - Others   | 3,282   | 2,829   |
| *Includes 2,046 MT of Di-Ammonium Phosphate (DAP) converted subsequently into Ammonium Phosphatic Fertilisers.                        |   |   |



## ...SCHEDULES

|  | Year ended<br>March 31, 2009 |                    | Year ended<br>March 31, 2008 |                    |
|--|------------------------------|--------------------|------------------------------|--------------------|
|  | Metric<br>Tonnes             | Rupees in<br>Lakhs | Metric<br>Tonnes             | Rupees in<br>Lakhs |
| <b>(D) Purchase of goods for resale</b>                          |                              |                    |                              |                    |
| Di-Ammonium Phosphate (DAP)                                      | 119,527                      | 77,732.56          | –                            | –                  |
| Muriate of Potash*   | 43,041                       | 14,776.62          | 83,368                       | 8,505.48           |
| Ammonia  | 4,831                        | 1,142.43           | 11,171                       | 1,794.54           |
| Plant Protection Chemicals                                       |                              | 2,008.08           |                              | 1,402.91           |
| Others   |                              | 4,831.79           |                              | 2,008.62           |
|  |                              | 100,491.48         |                              | 13,711.55          |
| * do not include those meant for captive consumption.            |                              |                    |                              |                    |
| <b>(E) Sales - Produced/Purchased*</b>                           |                              |                    |                              |                    |
| (i) Fertilisers  |                              |                    |                              |                    |
| Di-Ammonium Phosphate (DAP)                                      | 558,931                      | 51,075.45          | 521,065                      | 47,241.14          |
| Ammonium Phosphatic Fertilisers                                  | 1,459,776                    | 100,472.25         | 1,497,605                    | 119,793.76         |
| Single Super Phosphate   | 88,271                       | 2,929.91           | 74,072                       | 2,479.11           |
| Muriate of Potash  | 55,366                       | 2,323.04           | 78,286                       | 3,306.92           |
| (ii) Plant Protection Products                                   |                              |                    |                              |                    |
| Technicals   | 4,023                        | 9,643.67           | 5,756                        | 10,128.67          |
| Formulations - Liquids (in KL)                                   | 5,306                        | 15,118.92          | 4,902                        | 10,742.34          |
| Formulations - Others  | 4,425                        | 7,578.54           | 3,464                        | 5,183.67           |
| (iii) Ammonia  | 4,831                        | 1,326.12           | 11,171                       | 2,204.89           |
| (iv) Others  |                              | 25,060.88          |                              | 15,764.85          |
|  |                              | 215,528.78         |                              | 216,845.35         |
| * Sales are net of excise duty.                                  |                              |                    |                              |                    |
| <b>(F) Raw Materials Consumed</b>                                |                              |                    |                              |                    |
| Ammonia  | 370,057                      | 98,342.97          | 339,504                      | 44,479.72          |
| Rock Phosphate   | 592,017                      | 79,824.32          | 637,438                      | 28,648.64          |
| Urea   | 104,696                      | 27,533.44          | 164,112                      | 24,001.90          |
| Sulphur  | 238,917                      | 69,901.21          | 232,376                      | 13,294.48          |
| Muriate of Potash  | 240,552                      | 70,662.78          | 256,689                      | 26,577.47          |
| Mono Ammonium Phosphate  | 4,021                        | 1,393.58           | 2,236                        | 256.33             |
| Phosphoric Acid  | 449,927                      | 348,066.25         | 443,581                      | 104,990.57         |
| Plant Protection Chemicals                                       |                              | 18,685.20          |                              | 13,501.69          |
| Others   |                              | 8,508.94           |                              | 4,027.53           |
|  |                              | 722,918.69         |                              | 259,778.33         |
| <b>(G) Stock Particulars of goods - Produced/Purchased</b>       |                              |                    |                              |                    |
| Opening Stock:   |                              |                    |                              |                    |
| (i) Fertilisers  |                              |                    |                              |                    |
| Ammonium Phosphatic Fertilisers                                  | 28,284                       | 3,112.55           | 144,775                      | 16,429.75          |
| Di-Ammonium Phosphate (DAP)                                      | 47,788                       | 7,046.78           | 1,221                        | 156.45             |
| Single Super Phosphate   | 583                          | 20.99              | 6,826                        | 225.97             |
| Muriate of Potash  | 44,708                       | 4,658.72           | 39,602                       | 4,069.71           |
| (ii) Plant Protection Products                                   |                              |                    |                              |                    |
| Technicals   | 743                          | 1,018.41           | 1,321                        | 2,392.68           |
| Formulations - Liquids (in KL)                                   | 711                          | 1,523.67           | 548                          | 1,250.52           |
| Formulations - Others  | 866                          | 825.05             | 472                          | 517.22             |
| (iii) Others   |                              | 617.95             |                              | 448.68             |
|  |                              | 18,824.12          |                              | 25,490.98          |
| Closing Stock:*  |                              |                    |                              |                    |
| (i) Fertilisers  |                              |                    |                              |                    |
| Ammonium Phosphatic Fertilisers                                  | 45,611                       | 5,895.81           | 28,284                       | 3,112.55           |
| Di-Ammonium Phosphate (DAP)                                      | 124,512                      | 26,250.67          | 47,788                       | 7,046.78           |
| Single Super Phosphate   | 2,159                        | 107.43             | 583                          | 20.99              |
| Muriate of Potash  | 32,077                       | 6,457.62           | 44,708                       | 4,658.72           |
| (ii) Plant Protection Products                                   |                              |                    |                              |                    |
| Technicals   | 1,156                        | 2,153.50           | 743                          | 1,018.41           |
| Formulations - Liquids (in KL)                                   | 1,070                        | 2,269.19           | 711                          | 1,523.67           |
| Formulations - Others  | 725                          | 981.07             | 866                          | 825.05             |
| (iii) Others   |                              | 4,658.98           |                              | 617.95             |
|  |                              | 48,774.27          |                              | 18,824.12          |
| *Net of shortages/in-transit-losses/captive consumption/samples. |                              |                    |                              |                    |

## ...SCHEDULES

### 18. NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

#### I. Significant Accounting Policies :

##### Basis of preparation of accounts

The financial statements have been prepared on the basis of going concern, under the historic cost convention, to comply in all material aspects with applicable accounting principles in India, the Accounting Standards notified under Sec 211 (3C) of the Companies Act, 1956 ("the Act") and the relevant provisions of the Act.

##### Fixed Assets

Fixed assets are shown at cost or valuation less depreciation. Cost comprises of the purchase price and other attributable expenses including cost of borrowings till the date of capitalisation in the case of assets involving material investment and substantial lead time.

##### Depreciation on Fixed assets

Depreciation is provided on the straight-line method. Depreciation on all assets (except certain Plant and Machinery, Vehicles and Computers and related equipment) has been provided over the useful life of the assets as determined by the management or derived from the rates prescribed in Schedule - XIV of the Companies Act 1956, whichever is higher. The useful life of such assets is periodically reviewed and re-determined and the unamortised depreciable amount is charged over the remaining useful life of such assets. Leasehold land is being amortised over the lease period.

The estimated useful lives of assets which are lower than those prescribed in Schedule XIV are as under:

| Asset                                    | Useful lives (in years) |
|--|-------------------------|
| Plant and Machinery                      | 5 - 14                  |
| Vehicles                                 | 5 - 7                   |
| Office Equipment, Furniture and Fittings | 3 - 5                   |
| Computers and related equipments         | 3 - 5                   |

##### Foreign Currency Transactions

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 Profit and Loss Account.

In respect of forward contracts entered into to hedge risks associated with foreign currency fluctuation, 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 resultant gain/loss is recognised in the Profit and Loss Account. Any profit or loss arising on cancellation of such contracts is recognized as income or expense in the Profit and Loss Account of the year.

##### Investments

Long term investments are valued at cost. The diminution in the market value of such investments is not recognised unless it is considered permanent in nature. Current investments are valued at cost or market value, whichever is lower.

##### Inventories

Raw Materials and Stores and spares are valued at or below cost. 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:

- Stores and Spares - Weighted Average Cost.
- Raw Material - First-in-First-out basis. Cost includes purchase cost and other attributable expenses.
- Finished Goods and Work-in-process - Weighted average cost of production which comprises of direct material costs, direct wages and applicable overheads.
- Goods purchased for resale - Weighted average cost

## **Sundry Debtors, Loans and Advances**

Specific debts and advances identified as irrecoverable and doubtful are written off or provided for respectively. Subsidy receivable is disclosed under "Loans and Advances".

## **Fertiliser Companies' Government of India Special Bonds**

Fertiliser Companies' Government of India Special Bonds issued by Government of India in lieu of subsidy dues are intended to be kept for short term and are valued at lower of Cost and Market value and are shown as 'Other Current Assets'.

## **Revenue Recognition**

- a) Sale of goods is recognized at the point of despatch to customers. Sales include amounts recovered towards excise duty and exclude sales tax.
- b) Dividend income from investments is accounted for in the year in which the right to receive the payment is established.
- c) Subsidy is recognized on the basis of the concession scheme announced by the Government of India from time to time. Subsidy is accounted for on the basis of sale made by the company.
- d) Export benefits under DEPB license and excise benefits are accounted for on accrual basis.

## **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 Profit and Loss Account each year.

The Company makes contributions to three 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 in accordance with the revised Accounting Standard 15 (revised 2005) on 'Employee Benefits' notified under Sec 211 (3C) of the Act ('revised AS 15') as at the end of the year.

### **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 Profit and Loss Account. The liability as at the Balance Sheet date is provided for based on the actuarial valuation carried out in accordance with revised AS 15 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 Profit and Loss Account. The Company's liability as at the Balance Sheet date is provided for based on the actuarial valuation in accordance with the requirements of revised AS 15 as at the end of the year.

### **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 in accordance with revised AS 15 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.

## **Leases**

The Company's significant leasing arrangements are in respect of operating leases for premises that are cancelable in nature. The lease rentals paid under such agreements are charged to the Profit and Loss Account.

## **Taxes on Income**

- a) Provision for current tax is made for the amount of tax payable in respect of taxable income for the year under Income Tax Act, 1961.
- b) 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.

## ...SCHEDULES

### Schedule 18 (Contd...)

#### Earnings per Share

The earnings considered for ascertaining the Company's Earnings Per Share comprises the net 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.

#### Employee Stock Option Scheme

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 Exchange Board 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 recognized as deferred employee compensation and is charged to the Profit and Loss Account 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.

#### II. Employee Stock Option Plan - ESOP 2007

- Pursuant to the decision of the shareholders, at their meeting held on July 24, 2007, the Company has 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.
- Under the Scheme, options not exceeding 6,392,988 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.
- 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.
- Pursuant to the above mentioned scheme, the Company has, during the year, granted 557,500 options vesting 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 amortised in this regard.
- The following are the number of options outstanding during the year:

|                              | Year ended<br>March 31, 2009 |  | Year ended<br>March 31, 2008 |  |
|------------------------------|------------------------------|--|------------------------------|--|
|                              | No. of<br>Options            | Weighted<br>average<br>Exercise<br>Price (Rs.) | No. of<br>Options            | Weighted<br>average<br>Exercise<br>Price (Rs.) |
| <b>Stock Option</b>          |                              |  |                              |  |
| At the beginning of the Year | 2,217,800                    | 89.94  | —                            | —  |
| Granted                      | 557,500                      | 119.39   | 2,217,800                    | 89.94  |
| Exercised                    | —                            | —  | —                            | —  |
| Cancelled                    | 80,544                       | 89.59  | —                            | —  |
| At the end of the Year       | 2,694,756                    | 96.05  | 2,217,800                    | 89.94  |

- 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.
- 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 Institute of Chartered Accountants of India, had the compensation cost for the employee stock option plan been recognized 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:

## ...SCHEDULES

### Schedule 18 (Contd.....)

Rupees in Lakhs

|  | Year ended<br>March 31, 2009 | Year ended<br>March 31, 2008 |
|--|------------------------------|------------------------------|
| <b>Profit after Taxation ( Rs.in Lakhs)</b>                                  |                              |                              |
| - As reported  | 49,637.80                    | 20,976.00                    |
| - Proforma   | 49,072.44                    | 20,387.00                    |
| <b>Earnings Per Share</b>  |                              |                              |
| <b>Basic</b>   |                              |                              |
| - No. of Shares <sup>2</sup>   | 139,896,948                  | 139,896,948                  |
| - EPS as reported (Rs.)  | 35.48                        | 14.99                        |
| - Proforma EPS (Rs.)   | 35.08                        | 14.57                        |
| <b>Diluted</b>   | 140,154,139                  | 140,407,022                  |
| - No. of shares  | 35.42                        | 14.94                        |
| - EPS as reported (Rs.)  | 35.01                        | 14.52                        |
| - Proforma EPS (Rs.)   |                              |                              |
| The following assumptions were used for calculation of fair value of grants: |                              |                              |
| Dividend Yield (%)   | 175                          | 100                          |
| Expected Volatility (%)  | 0.50-0.52                    | 0.48                         |
| Risk free interest rate (%)  | 7.5                          | 8                            |
| Expected term (in years)   | 4-5                          | 5                            |

Rupees in Lakhs

|   | Year ended<br>March 31, 2009 | Year ended<br>March 31, 2008 |
|---|------------------------------|------------------------------|
| <b>III. Managerial Remuneration</b>   |                              |                              |
| <b>A. To the Directors of the Company</b>   |                              |                              |
| (i) Remuneration to Whole-time director*  |                              |                              |
| Salary and Allowances   | 88.05                        | 68.25                        |
| Commission/Incentive  | 32.63                        | 27.57                        |
| Contribution to Provident and other Funds   | 10.88                        | 8.85                         |
| Valuation of Perquisites  | 8.09                         | 8.66                         |
| (ii) Commission to non Whole-time Directors   | 20.30                        | 18.90                        |
| (iii) Sitting Fee   | 9.85                         | 7.40                         |
|   | 169.80                       | 139.63                       |
| <b>B. To the Directors of erstwhile Godavari Fertilisers and Chemicals Limited</b>  |                              |                              |
| (i) Remuneration to Whole-time director   |                              |                              |
| Salary  | —                            | 23.44                        |
| Contribution to Provident and other Funds   | —                            | 0.38                         |
| Others / Perquisites  | —                            | 21.38                        |
| (ii) Sitting Fee  | —                            | 2.15                         |
|   | —                            | 47.35                        |
| <b>Total</b>  | 169.80                       | 186.98                       |
| *Notes: 1. Includes an amount of Rs.27.83 lacs paid/payable to the Managing director since his reappointment on January 22, 2009, which is subject to the approval of the shareholders at the ensuing Annual General Meeting.   |                              |                              |
| 2. 483,500 (2008: 483,500) Employee Stock Options were granted to the Managing director at an exercise price of Rs. 89.15 per share pursuant to Employee Stock Option Scheme 2007.  |                              |                              |
| 3. Managerial Remuneration above does not include leave encashment benefit, since the same is computed actuarially for all the employees and the amount attributable to the managerial person cannot be ascertained separately. |                              |                              |

## ...SCHEDULES

### Schedule 18 (Contd...)

Rupees in Lakhs

#### Computation of net profit under Section 309(5) of the Companies Act, 1956 ('the Act')

Profit before tax

##### Add:

Depreciation as per books

Directors' sitting fee

Directors' remuneration

Loss on sale of fixed assets as per the books of account

##### Less:

Depreciation as per Section 350 of the Act

Loss on sale of fixed assets as per Section 349 of the Act

#### Net Profit as per Section 309(5) of the Act

Commission/Incentive to Whole-time director, as per the resolution of the Board of Directors (Maximum)

1% Commission to non-Whole time directors - restricted to

#### IV. (a) Payment to Auditors

Audit fees

Tax Audit fees

Limited Reviews

Certifications

Reimbursement of expenses

**Total**

#### (b) Payment to Branch Auditors

Audit fees

Tax Audit Fees

Fees for other services

Reimbursement of expenses

**Total**

#### V. Expenditure in Foreign Currency

##### (a) Expenditure in foreign currency (on payment basis)

Export Commission

Interest

Others

##### (b) Amount remitted in foreign currency on account of dividend

| Financial Year                                       | Relating to | No. of shares held<br>(Rs.2/- each) | No. of shares held<br>(Rs.10/- each) | No. of Non-Resident<br>Shareholders | Amount<br>Rs.in Lakhs |
|--|-------------|-------------------------------------|--------------------------------------|-------------------------------------|-----------------------|
| 2008-2009  | 2007-2008   | 5,067,460                           | —                                    | 57                                  | 177.36                |
| 2008-2009  | 2008-2009   | 5,067,460                           | —                                    | 57                                  | 304.05                |
| 2007-2008  | 2006-2007   | 265,050                             | —                                    | 55                                  | 5.30                  |
| Erstwhile Godavari Fertilisers and Chemicals Limited |             |                                     |                                      |                                     |                       |
| 2007-2008  | 2006-2007   | —                                   | 3,200,000                            | 2                                   | 128.00                |

| Year ended<br>March 31, 2009 | Year ended<br>March 31, 2008 |
|------------------------------|------------------------------|
| 80,817.80                    | 33,341.81                    |
| 5,613.18                     | 5,212.52                     |
| 9.85                         | 9.55                         |
| 159.95                       | 177.43                       |
| 351.15                       | 80.13                        |
| 86,951.93                    | 38,821.44                    |
| 5,613.18                     | 5,212.52                     |
| 351.15                       | 80.13                        |
| 80,987.60                    | 33,528.79                    |
| 32.63                        | 27.57                        |
| 20.30                        | 22.19                        |
| 24.00                        | 20.00                        |
| 3.50                         | 3.50                         |
| 7.50                         | 6.00                         |
| 15.50                        | 10.60                        |
| 0.97                         | 1.16                         |
| 51.47                        | 41.26                        |
| —                            | 6.00                         |
| —                            | 2.00                         |
| —                            | 10.08                        |
| —                            | 0.24                         |
| —                            | 18.32                        |
| 80.19                        | 71.17                        |
| 3,863.02                     | 2,271.17                     |
| 397.96                       | 156.28                       |



## ...SCHEDULES

### Schedule 18 (Contd...)

Rupees in Lakhs

#### VI. (A) Value of imports on C.I.F. basis

|   |            |            |
|---|------------|------------|
| Raw Materials (net)   | 618,033.95 | 249,607.38 |
| Stores and Spare Parts  | 310.34     | 189.47     |
| Components and Spare Parts incorporated in the goods produced | –          | –          |
| Capital goods   | 370.46     | 250.74     |
| Traded goods  | 88,835.58  | 12,705.22  |

#### (B) Earnings in Foreign Exchange

|                                  |           |          |
|----------------------------------|-----------|----------|
| F.O.B. value of exports of goods | 5,975.17  | 5,884.94 |
| Service Income                   | 16,113.01 | 200.58   |
| Dividend Income                  | 1,416.75  | –        |

| Year ended<br>March 31, 2009 |  | Year ended<br>March 31, 2008 |
|------------------------------|--|------------------------------|
|                              |  |                              |
|                              |  |                              |
|                              |  |                              |
|                              |  |                              |
|                              |  |                              |
|                              |  |                              |
|                              |  |                              |
|                              |  |                              |
|                              |  |                              |

Rupees in Lakhs

#### VII. Consumption of Raw materials

- (a) Raw Materials
- Imported (includes acquired through canalizing agents)
  - Indigenous

| Year ended<br>March 31, 2009 |   | Year ended<br>March 31, 2008 |   |
|------------------------------|---|------------------------------|---|
| Amount                       | % | Amount                       | % |
|                              |   |                              |   |
|                              |   |                              |   |
|                              |   |                              |   |
|                              |   |                              |   |
|                              |   |                              |   |
|                              |   |                              |   |
|                              |   |                              |   |
|                              |   |                              |   |

- (b) Components and Spare Parts

**Note:** In furnishing information under VI(A) and VII above, Components and spare parts referred to in paragraph 4D(c) of Part II of Schedule VI to the Companies Act, 1956 are assumed to be those incorporated in the goods produced and not those used for maintenance of plant and machinery.

#### VIII. Secured Loans (Schedule 3)

##### Loans

- a) The term loans from banks and others are secured by an exclusive first charge on the specific assets.
- b) The working capital facilities from banks are secured by a hypothecation of stock of raw materials, work-in-process, finished goods, stores and spare parts and book debts of the Company. These are further secured by a second charge on the movable fixed assets of the Company.

#### IX. Contingent Liabilities

##### a) Guarantees :

- (i) The Company has provided guarantee to third parties on behalf of its Subsidiary CFL Mauritius Limited - Rs. 6,697.68 lacs.
- (ii) The Company has provided a guarantee towards the borrowing of Tunisian Indian Fertilisers S.A., Tunisia (TIFERT) up to Rs. 26,257.95 lacs. As at March 31, 2009, TIFERT had not availed the loan facility.

##### b) Others

Rupees in Lakhs

In respect of matters under dispute:

|             |          |          |
|-------------|----------|----------|
| Income Tax  | –        | 301.04   |
| Excise Duty | 258.39   | 256.18   |
| Sales Tax   | 9.13     | 140.89   |
| Others      | 1,017.89 | 1,086.42 |

| Year ended<br>March 31, 2009 |  | Year ended<br>March 31, 2008 |
|------------------------------|--|------------------------------|
|                              |  |                              |
|                              |  |                              |
|                              |  |                              |
|                              |  |                              |
|                              |  |                              |
|                              |  |                              |
|                              |  |                              |
|                              |  |                              |
|                              |  |                              |

## ...SCHEDULES

### Schedule 18 (Contd...)

- c) **Land:** Liability for additional compensation payable in respect of land purchased from M/s. Nagarjuna Fertilisers and Chemicals Limited has not been provided for, pending court orders and determination of the amount payable.

Rupees in Lakhs

|  | Year ended<br>March 31, 2009 | Year ended<br>March 31, 2008 |
|--|------------------------------|------------------------------|
| <b>X. Capital Commitments</b>  |                              |                              |
| Capital expenditure commitments  | 3,369.46                     | 807.42                       |
| Commitment towards investments   | 4,622.28                     | 3,534.40                     |
| <b>XI. Deferred Tax</b>  |                              |                              |
| a) Deferred Tax Asset:   |                              |                              |
| - On Employees separation and retirement Costs   | 522.26                       | 417.91                       |
| - Other timing differences mainly relating to Statutory dues allowable on payment basis      | 1,131.06                     | 876.02                       |
|  | 1,653.32                     | 1,293.93                     |
| b) Deferred Tax Liability  |                              |                              |
| - On account of depreciation   | 9,600.03                     | 9,540.64                     |
| Deferred Tax Liability (net)   | 7,946.71                     | 8,246.71                     |
| <b>XII. Earnings Per Share</b>   |                              |                              |
| i) Profit after tax as per the Profit and Loss Account - (Rs. in lacs) [a]                   | 49,637.80                    | 20,976.00                    |
| <b>Basic</b>   |                              |                              |
| ii) Weighted average number of Equity Shares of Rs. 2/- each outstanding during the year [b] | 139,896,948                  | 139,896,948                  |
| <b>Dilution</b>  |                              |                              |
| iii) Effect of Potential Equity Shares on employees stock options outstanding                | 257,191                      | 510,074                      |
| iv) Weighted average number of equity shares of Rs. 2/- each outstanding during the year [c] | 140,154,139                  | 140,407,022                  |
| <b>Earnings Per Share</b>  |                              |                              |
| v) Basic - [a]/[b] - (Rs.)   | 35.48                        | 14.99                        |
| vi) Diluted - [a]/[c] - (Rs.)  | 35.42                        | 14.94                        |

### XIII. 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 issued by the Institute of Chartered Accountants of India is considered the only business segment. In respect of retail business of the company, since this is not material, disclosure of business segment information is not considered necessary at this stage.

#### 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.

## ...SCHEDULES

### Schedule 18 (Contd...)

#### XIV. Investments

- During the year the Company has formed a wholly owned subsidiary, CFL Mauritius Limited, Mauritius with the objective of making overseas investments. The Company has since invested Rs.7,774.09 lacs towards 18,025,000 equity shares of USD1 each in the capital of CFL Mauritius Limited. CFL Mauritius holds 11.82% stake in Foskor (Pty) Ltd.
- The Company has formed a 50:50 joint venture, Coromandel Getax Phosphates Pte Ltd in Singapore. The Company has since invested Rs. 218.90 lacs towards 500,000 equity shares of USD 1 each in the Capital of Coromandel Getax Phosphates Pte Ltd.
- The Company has formed a wholly owned subsidiary, Coromandel Brasil Limitada, in Brazil, a Limited Liability Partnership, with the objective of trading in pesticides. The Company has since invested Rs.104.66 lacs towards 4,950 equity shares of Brasil Real 100 each.
- The following investments in mutual funds were purchased and sold during the year.

| Particulars                      | No. of units Purchased |             | No. of units Sold |             |
|----------------------------------|------------------------|-------------|-------------------|-------------|
|                                  | 2008-2009              | 2007-2008   | 2008-2009         | 2007-2008   |
| ABN Amro Mutual Fund             | 100,031,719            | 10,000,000  | 100,437,651       | 10,071,141  |
| BIRLA Mutual Fund                | 883,276,255            | 55,174,393  | 884,605,210       | 80,384,164  |
| TATA Mutual Fund                 | 172,791,544            | 36,287,351  | 173,217,317       | 46,425,439  |
| DSP Merrill Lynch Mutual Fund    | 1,049,702              | 770,307     | 1,050,341         | 771,640     |
| IDFC Mutual Fund                 | 159,972,735            | –           | 160,102,631       | –           |
| Sundaram BNP Paribas Mutual Fund | 264,528,277            | 14,922,552  | 264,724,741       | 14,938,425  |
| DWS Mutual Fund                  | 219,838,936            | 76,044,168  | 220,067,433       | 86,334,417  |
| HSBC Mutual Fund                 | 189,857,337            | 77,446,867  | 189,939,559       | 87,239,623  |
| FRANKLIN Templeton Mutual Fund   | 148,694,986            | 32,657,821  | 149,304,330       | 32,947,380  |
| HDFC Mutual Fund                 | 624,595,806            | 98,541,046  | 625,481,019       | 109,354,813 |
| J.M. Financial Mutual Fund       | 139,869,097            | 41,955,809  | 140,414,172       | 62,069,932  |
| ING Mutual Fund                  | 189,951,739            | –           | 190,209,325       | –           |
| LIC Mutual Fund                  | 767,642,503            | 28,221,373  | 769,208,434       | 38,288,933  |
| PRINCIPAL Mutual Fund            | 447,102,917            | –           | 447,539,946       | –           |
| UTI Mutual Fund                  | 30,879,194             | 1,129,385   | 30,886,690        | 1,863,067   |
| SBI Mutual Fund                  | 226,551,020            | 118,103,262 | 226,834,965       | 118,383,990 |
| RELIANCE Mutual Fund             | 488,799,060            | 133,397,531 | 489,028,854       | 144,221,371 |
| ICICI Prudential Mutual Fund     | 306,517,230            | 142,382,062 | 307,161,296       | 157,079,396 |
| DBS Chola Mutual Fund            | 323,153,879            | 93,862,466  | 323,704,666       | 94,061,382  |
| KOTAK Mutual Fund                | 245,892,774            | 43,719,607  | 246,151,987       | 63,877,024  |
| FIDELITY Mutual Fund             | –                      | 22,999,820  | –                 | 33,119,461  |
| LOTUS INDIA Mutual Fund          | –                      | 14,976,487  | –                 | 15,018,149  |

#### XV. Leases

The Company has entered into certain operating lease agreements and an amount of Rs. 833.94 lacs (2008: Rs. 508.96 lacs) paid under such agreements has been charged to the Profit and Loss Account. These agreements are cancelable in nature.

## ...SCHEDULES

### Schedule 18 (Contd...)

#### XVI. Related Party Disclosures

Information relating to Related Party Transactions as per Accounting Standard 18 notified under Section 211 (3C) of the Act.

##### (A) Names of the Related Parties and their relationship :

| Name of the Related Party                            | Relationship              |
|--|---------------------------|
| E.I.D. Parry (India) Limited                         | Holding Company           |
| Parry Chemicals Limited (PCL)                        | Subsidiary Company        |
| CFL Mauritius Limited                                | Subsidiary Company        |
| Coromandel Brasil Limitada                           | Subsidiary Company        |
| Parry Investments Limited                            | Fellow Subsidiary Company |
| Parry Infrastructure Company Private Limited (PICPL) | Fellow Subsidiary Company |
| Coromandel Getax Phosphates Pte Ltd.                 | Joint Venture             |
| Prathyusha Chemicals & Fertilisers Limited (PCFL)    | Associate                 |
| Mr V Ravichandran, Managing Director                 | Key Management Personnel  |

Rs. in Lakhs

##### (B) Transactions during the year

|   | 2008-2009 | 2007-2008 |
|---|-----------|-----------|
| i) Sale of finished goods/raw materials/services (net of discounts) |           |           |
| a) Holding Company  | 16.86     | 21.74     |
| b) Subsidiary Company - Sales Returns (PCL)                         | –         | 1.90      |
| ii) Interest received from  |           |           |
| Subsidiary Company - PCL  | 19.02     | 18.93     |
| iii) Rent received  |           |           |
| Fellow Subsidiary Company - (PICPL)                                 | 175.00    | 175.00    |
| iv) Expenses reimbursed by  |           |           |
| a) Holding Company  | 3.58      | 2.09      |
| b) Subsidiary Company - CFL Mauritius Ltd.                          | 85.86     | –         |
| v) Purchase of finished goods and services                          |           |           |
| Holding Company   | 0.08      | 3.79      |
| vi) Commission on sales to Subsidiary Company - PCL                 | 29.68     | 34.95     |
| vii) Expenses reimbursed to   |           |           |
| a) Holding Company  | 330.86    | 268.72    |
| b) Subsidiary Company - PCL   | 2.40      | 2.40      |
| viii) Purchase of Fixed Assets                                      |           |           |
| Holding Company   | –         | 7.00      |
| ix) Dividend Paid   |           |           |
| Holding Company   | 8,333.31  | 1,754.38  |
| x) Deposit received   |           |           |
| Fellow subsidiary - PICPL   | –         | 3,000.00  |

## ...SCHEDULES

### Schedule 18 (Contd...)

xi) Outstanding balances as at the year end :

- a) Debtors/Receivables
  - Holding Company
  - Subsidiary Company (PCL)
- b) Creditors/Payables
  - Holding Company
  - Fellow Subsidiary - PICPL

| 2008-2009 | 2007-2008 |
|-----------|-----------|
|           |           |
| –         | 0.16      |
| 285.84    | 269.84    |
| 101.16    | 35.84     |
| 3,000.00  | 3,000.00  |

- Notes: 1) Details of remuneration to Directors are disclosed in note III above.  
 2) The company has extended a guarantee on behalf of its subsidiary (Refer note IX(a))

**XVII.** Sundry Creditors include deferred income of Rs. 23,617.00 lacs (2008: Nil).

### **XVIII. 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 recognized in the Balance Sheet and Profit and Loss Account:

| Particulars  | Rs. in Lakhs  |           |  |           |
|--|---------------|-----------|--|-----------|
|  | Gratuity Plan |           | Superannuation and other Pension Plans |           |
|  | 2008-2009     | 2007-2008 | 2008-2009                              | 2007-2008 |
| <b>Projected benefit obligation at the beginning of the period</b> | 649.70        | 590.12    | 151.01                                 | 589.04    |
| Current service cost   | 40.10         | 57.73     | 4.50                                   | 31.11     |
| Interest cost  | 42.61         | 38.21     | 11.33                                  | 40.46     |
| Actuarial loss/(gain)  | 62.64         | 52.30     | (20.60)                                | (73.48)   |
| Benefits paid  | (82.00)       | (88.66)   | –                                      | (22.15)   |
| <b>Projected benefit obligation at the end of the period</b>       | 713.05        | 649.70    | 146.24                                 | 564.98    |
| <b>Amounts recognised in the balance sheet</b>                     |               |           |  |           |
| Projected benefit obligation at the end of the period              | 713.05        | 649.70    | 146.24                                 | 564.98    |
| Fair value of plan assets at end of the period                     | 714.64        | 672.82    | –                                      | 266.99    |
| <b>Funded status of the plans – (asset)/ liability</b>             | (1.59)        | (23.12)   | 146.24                                 | 297.99    |
| <b>Liability recognized in the balance sheet</b>                   | –             | –         | –                                      | 297.99    |
| <b>Cost for the period</b>   |               |           |  |           |
| Current service cost   | 40.10         | 57.73     | 4.50                                   | 31.11     |
| Interest cost  | 42.61         | 38.21     | 11.33                                  | 40.46     |
| Expected return on plan assets                                     | (48.56)       | (45.04)   | –                                      | (16.10)   |
| Net actuarial (gain)/loss recognised in the period                 | 55.92         | 0.20      | (20.60)                                | (131.87)  |
| Past service cost  | –             | –         | –                                      | –         |
| <b>Net Cost recognized in Profit and Loss Account</b>              | 90.07         | 51.10     | (4.77)                                 | (76.40)   |
| <b>Nature and extent of investment details of the plan assets*</b> |               |           |  |           |
| State and Central Securities                                       | 26.46%        | 36.00%    | –                                      | 17.80%    |
| Bonds 36.49%   | 26.00%        | –         | –                                      | –         |
| Special Deposits   | 37.06%        | 38.00%    | –                                      | 82.20%    |
| <b>Actual Return on Plan Assets*</b>                               | 55.28         | 97.15     | –                                      | 74.45     |
| <b>Assumptions</b>   |               |           |  |           |
| Discount rate  | 7.00%         | 7.00%     | 7.00%                                  | 7.00%     |
| Estimated rate of return on plan assets                            | 7.00%         | 7.00%     | 7.00%                                  | 7.00%     |
| Expected rate of salary increases                                  | 3.50%         | 3.50%     | 3.50%                                  | 3.50%     |

\*include details of trusts other than those covered under a scheme of Life Insurance Corporation of India.

## ...SCHEDULES

### Schedule 18 (Contd...)

#### Notes:

- a) The above table does not include information in respect of gratuity plans covered under schemes administered by Life Insurance Corporation of India.
- b) During the year, the company has converted a Superannuation Pension Plan of certain employees from a defined benefit to a defined contribution scheme with LIC, by making a one time payment amounting to Rs.800.00 lacs towards settlement of the accumulated obligation under the earlier scheme.

#### b) Defined contribution plans

In respect of the defined contribution plans, an amount of Rs.719.90 lacs (2008: Rs. 446.57 lacs) has been recognised in the Profit and Loss Account during the year.

**XIX.** The Government of India grants price concession on sale of fertilisers and income from such concession is shown under 'Government Subsidies' in the Profit and Loss Account. The subsidy income for the year includes Rs.8,597.38 lacs, net of deferred income, being income accrued/ recognized based on management's understanding of the subsidy scheme for the period for which notification has been issued and based on the management's estimates for the remaining period. Necessary adjustment to such estimates will be made on announcement of final notification/determination.

**XX.** In view of the steep reduction in the prices of certain raw materials and finished goods, related inventories have been valued at their net realisable values (NRV) being lower than cost, in accordance with Accounting Standard 2 on Valuation of Inventories notified under section 211(3C) of the Companies Act, 1956, based on management's best estimates of future NRV's.

#### XXI. Other Matters

- a) Based on the information available with the Company, there are no dues/interest outstanding to Small and Micro enterprises as at March 31, 2009.
- b) Sales are net of discounts, other than usual trade discounts, Rs. 4,406.74 lacs (2008: Rs. 3,742.46 lacs).
- c) The net difference in foreign exchange (i.e., difference between the spot rate on the dates of the transactions and the actual rate at which the transactions are settled / appropriate rates applicable at the year end) debited to the respective heads of account in the Profit and Loss Account is Rs. 36,922.30 lacs (2008: Rs. Rs. 3,880.60 lacs credit).
- d) Exchange difference in respect of forward exchange contracts to be recognised in the Profit and Loss Account in the subsequent accounting period is Rs. 285.23 lacs Debit (2008: Rs. 81.76 lacs Debit).
- e) Research and Development expenses included under schedule 15 - Rs.197.66 lacs (2008: Rs.131.86 lacs).
- f) Land - Lease deed in respect of land admeasuring 9.80 acres taken on lease from Visakhapatnam Port trust by the erstwhile GFCL, is pending execution.
- g) The Government of India, Ministry of Chemicals and Fertilisers, has issued 'Government of India Special Bonds' towards the subsidy receivable. These bonds classified under investments in the previous year have been reclassified as 'Other Current Assets' (Schedule 10) as the management is of the opinion that this would reflect the true intent of its nature.
- h) The Ordinary shares of Tunisian Indian Fertilisers S.A., Tunisia (TIFERT) held by the company and included under Investments (schedule 6) have been pledged to secure the obligations of TIFERT to their lenders.
- i) During the year, the Company has accounted for Rs. 15,859.41 lacs received from Foskor (Pty) Limited, South Africa (Foskor) towards services rendered as per the terms of the Business Assistance Agreement entered into with Foskor in 2005.
- j) During the year, the Company has made a donation of Rs. 50.00 lacs to Andhra Pradesh Congress Committee.
- k) Provisions - Others represents provisions made by the management towards certain disputed tax matters. The following are the details of such provision:

(Rs. in Lakhs)

| Opening Balance | Provided during the year | Reversed/Utilized during the year | Closing balance |
|-----------------|--------------------------|-----------------------------------|-----------------|
| 1,125.38        | 872.15                   | —                                 | 1,997.53        |

## ...SCHEDULES

### Schedule 18 (Contd...)

- l) The proportionate share of Assets, Liabilities, Income and Expenditure of Coromandel Getax Phosphates Pte Ltd, a joint Venture are given below

Rs. in Lakhs

| Particulars                      | Year ended<br>March 31, 2009 | Year ended<br>March 31, 2008 |
|----------------------------------|------------------------------|------------------------------|
| Country of Incorporation         | Singapore                    | NA                           |
| Percentage of Ownership interest | 50%                          | NA                           |
| <b>Assets</b>                    |                              |                              |
| Current Assets                   | 243.51                       | NA                           |
| <b>Liabilities</b>               |                              |                              |
| Current Liabilities              | 44.25                        | NA                           |
| Income                           | –                            | NA                           |
| <b>Expenditure</b>               |                              |                              |
| Manufacturing and Other expenses | 49.33                        | NA                           |
| Contingent Liabilities           | –                            | NA                           |
| Capital Commitments              | –                            | NA                           |

### XXII. Disclosures as per Clause 32 of the listing agreement

(Rs. in Lakhs)

| Particulars                                | Name of the Company     | As at March 31, 2009 | Maximum amount<br>outstanding during the year |
|--|-------------------------|----------------------|---|
| Amounts receivable from subsidiary Company | Parry Chemicals Limited | 285.84<br>(269.84)   | 285.84<br>(284.62)                            |

Figures in brackets relate to those of the previous year.

- XXIII. Previous year's figures have been regrouped/ reclassified wherever necessary to conform to the classification adopted for the current year.



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# CONSOLIDATED FINANCIAL STATEMENTS

Coromandel Fertilisers Limited, its Subsidiary, Joint Venture  
and Associate Companies

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## AUDITORS' REPORT

To  
The Board of Directors  
Coromandel Fertilisers Limited

1. We have audited the attached Consolidated Balance Sheet of Coromandel Fertilisers Limited ('the Company'), its subsidiaries, associate and joint ventures (collectively referred to as 'the Group') as at March 31, 2009, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These Consolidated Financial Statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Attention is drawn to the following:
  - a) We did not audit the financial statements of certain subsidiaries, associate and joint venture, whose financial statements reflect the Group's share of total assets of Rs. 22,762.38 lacs as at March 31, 2009 and Group's share of total revenues of Rs.7,290.28 lacs and net cash inflows amounting to Rs. 8,379.32 lacs for the year ended on that date as considered in the Consolidated Financial Statements. These subsidiaries, associate and joint venture companies, other than a wholly owned limited liability partnership have been audited by other auditors whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of such subsidiaries, associate and joint venture, is based solely on the report of the other auditors. In respect of the wholly owned Limited Liability Partnership, the financial statements are unaudited and reflect the Group's share of total assets of Rs. 103.48 lacs and Group's share of total revenues of Rs. Nil and net cash inflows of Rs. 103.48 lacs, the impact of which is not likely to be material. (Refer Note III (c) on schedule 17).
  - b) Note III(b) on schedule 17, regarding discontinuance of recognition of further losses in reporting of an investment in an associate, Prathyusha Chemicals and Fertilisers Limited, under the equity method, based on the last available audited financial statements for the year ended March 31, 2008, audited by another auditor.
  - c) *Subsidy income for the year has been recognised based on management's understanding of the current subsidy scheme in respect of the period for which the notification has been issued. In respect of subsidy income for the remaining period and for the purpose of valuation of related inventories as at March 31, 2009 at their net realisable values, subsidy rates have been computed based on management's best estimates. Necessary adjustments to such accrual /valuation and consequential impact, if any, on net profits and net assets, will be accounted for by the management on final announcement/determination of the subsidy receivable. (Refer Notes XVI and XVII on Schedule 17).*
4. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21, 'Consolidated Financial Statements' and Accounting Standard 27, 'Financial Reporting of Interests in Joint Ventures' notified under section 211 (3C) of the Companies Act, 1956.
5. Based on our audit and on consideration of the reports of the other auditors on the financial statements and other information of the subsidiary and joint ventures, in our opinion and to the best of our information and according to the explanations given to us, and *subject to our comments in paragraph 3 (c) above, the impact of which is presently not ascertainable*, the attached 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 March 31, 2009;
  - (b) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
  - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.



**N. K. Varadarajan**

Partner

Membership Number F - 90196

For and on behalf of

**Price Waterhouse**

Chartered Accountants

Place : Hyderabad  
Date : April 24, 2009

# **CONSOLIDATED BALANCE SHEET OF COROMANDEL FERTILISERS LIMITED, ITS SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE AS AT MARCH 31, 2009**

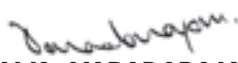
Rupees in Lakhs

|  | Schedule | March 31, 2009 | March 31, 2008 |
|--|----------|----------------|----------------|
| <b>I. SOURCES OF FUNDS</b>                                   |          |                |                |
| <b>1. Shareholders' Funds</b>                                |          |                |                |
| (a) Capital  | 1        | 2,797.94       | 2,797.94       |
| (b) Reserves and Surplus                                     | 2        | 118,397.70     | 76,752.35      |
|  |          | 121,195.64     | 79,550.29      |
| <b>2. Loan Funds</b>   |          |                |                |
| (a) Secured Loans  | 3        | 34,779.28      | 55,316.47      |
| (b) Unsecured Loans  | 4        | 142,300.85     | 48,990.42      |
|  |          | 177,080.13     | 104,306.89     |
|  |          | 7,946.71       | 8,246.71       |
| <b>3. Deferred Tax Liability (net)</b>                       |          | 306,222.48     | 192,103.89     |
| <b>TOTAL</b>   |          |                |                |
| <b>II. APPLICATION OF FUNDS</b>                              |          |                |                |
| <b>1. Fixed Assets</b>                                       |          |                |                |
| (a) Gross Block  | 5        | 121,014.50     | 113,109.72     |
| (b) Less : Depreciation                                      |          | 44,135.07      | 40,170.76      |
| (c) Net Block  |          | 76,879.43      | 72,938.96      |
| (d) Capital Work-in-Progress<br>(including capital advances) |          | 2,780.18       | 1,084.12       |
|  |          | 79,659.61      | 74,023.08      |
| <b>2. Investments</b>  | 6        | 22,083.03      | 7,178.82       |
| <b>3. Current Assets, Loans and Advances</b>                 |          |                |                |
| (a) Inventories  | 7        | 134,751.05     | 86,486.83      |
| (b) Sundry Debtors   | 8        | 10,148.00      | 9,991.25       |
| (c) Cash and Bank Balances                                   | 9        | 42,530.35      | 10,723.20      |
| (d) Other Current Assets                                     | 10       | 88,028.85      | 27,902.89      |
| (e) Loans and Advances                                       | 11       | 105,278.20     | 59,391.27      |
|  |          | 380,736.45     | 194,495.44     |
| Less : Current Liabilities and Provisions                    |          |                |                |
| (a) Liabilities  | 12       | 163,837.42     | 72,108.39      |
| (b) Provisions   | 13       | 12,419.19      | 11,485.06      |
|  |          | 176,256.61     | 83,593.45      |
| <b>Net Current Assets</b>                                    |          | 204,479.84     | 110,901.99     |
| <b>TOTAL</b>   |          | 306,222.48     | 192,103.89     |
| Notes to the Accounts  | 17       |                |                |

The schedules referred to above form an integral part of the Consolidated Balance Sheet

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

For and on behalf of the Board

  
**N.K. VARADARAJAN**  
 Partner  
 For and on behalf of  
**Price Waterhouse**  
 Chartered Accountants

Hyderabad: April 24, 2009

  
**V RAVICHANDRAN**  
 Managing Director

  
**P NAGARAJAN**  
 Chief Financial Officer

  
**A VELLAYAN**  
 Chairman

  
**M R RAJARAM**  
 Company Secretary

**CONSOLIDATED PROFIT AND LOSS ACCOUNT OF COROMANDEL FERTILISERS LIMITED, ITS SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE FOR THE YEAR ENDED MARCH 31, 2009**


Rupees in Lakhs

|  | Schedule | Year ended<br>March 31, 2009 | Year ended<br>March 31, 2008 |
|--|----------|------------------------------|------------------------------|
| <b>I. Income</b>   |          |                              |                              |
| Sales (Gross)  |          | 220,195.70                   | 221,276.33                   |
| Less: Excise Duty  |          | 4,666.92                     | 4,430.98                     |
| Sales (net)  |          | 215,528.78                   | 216,845.35                   |
| Government Subsidies   |          | 721,969.27                   | 158,888.69                   |
| Income from Business Assistance Agreement<br>(Refer note XVIII (i) on Schedule 17) |          | 15,859.41                    | –                            |
| Other Income   | 14       | 20,662.26                    | 4,321.43                     |
|  |          | 974,019.72                   | 380,055.47                   |
| <b>II. Expenditure</b>   |          |                              |                              |
| Manufacturing and other expenses   | 15       | 872,289.34                   | 334,455.97                   |
| Interest   | 16       | 8,762.77                     | 6,985.09                     |
| Depreciation   |          | 5,621.33                     | 5,220.68                     |
|  |          | 886,673.44                   | 346,661.74                   |
| <b>III. Profit before tax</b>  |          | 87,346.28                    | 33,393.73                    |
| Provision for Taxation   |          |                              |                              |
| - Current  |          | 31,515.65                    | 12,918.26                    |
| - Provision for taxation relating to earlier years                                 |          | –                            | 120.30                       |
| - Deferred   |          | (300.00)                     | (774.99)                     |
| - Fringe Benefits Tax  |          | 180.00                       | 120.50                       |
| <b>IV. Profit after taxation</b>   |          | 55,950.63                    | 21,009.66                    |
| Balance brought forward  |          | 5,371.68                     | 8,584.80                     |
| <b>V. Available for Appropriation</b>  |          | 61,322.31                    | 29,594.46                    |
| Transfer to General Reserve  |          | 25,000.00                    | 15,000.00                    |
| Transfer from Debenture Redemption Reserve   |          | (1,313.87)                   | (300.00)                     |
| Interim Dividend   |          | 8,393.82                     | –                            |
| Proposed Dividend  |          | 5,595.88                     | 4,896.39                     |
| Dividend Tax   |          | 2,377.55                     | 832.14                       |
| Less Adjustment on Amalgamation  |          | –                            | 3,794.25                     |
| <b>VI. Balance carried to Balance Sheet</b>  |          | 21,268.93                    | 5,371.68                     |
| Earnings per share - Basic (Rs.)   |          | 39.99                        | 15.02                        |
| Earnings per share - Diluted (Rs.)   |          | 39.92                        | 14.96                        |
| Notes to the Accounts  | 17       |                              |                              |

The schedules referred to above form an integral part of the Consolidated Profit and Loss Account

This is the Consolidated Profit and Loss Account referred to in our report of even date

For and on behalf of the Board

  
**N.K. VARADARAJAN**  
 Partner  
 For and on behalf of  
**Price Waterhouse**  
 Chartered Accountants

Hyderabad: April 24, 2009

  
**V RAVICHANDRAN**  
 Managing Director

  
**P NAGARAJAN**  
 Chief Financial Officer

  
**A VELLAYAN**  
 Chairman

  
**M R RAJARAM**  
 Company Secretary

# **CONSOLIDATED CASH FLOW STATEMENT OF COROMANDEL FERTILISERS LIMITED, ITS SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE FOR THE YEAR ENDED MARCH 31, 2009**

Rupees in Lakhs

|   | 2008-2009    | 2007-2008   |
|---|--------------|-------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>   |              |             |
| <b>Net Profit Before Tax</b>  | 87,346.28    | 33,393.73   |
| Adjustments for:  |              |             |
| Depreciation  | 5,621.33     | 5,220.68    |
| Interest expense  | 8,762.77     | 6,985.09    |
| Loss on sale of fixed assets  | 351.15       | 80.13       |
| Loss on sale of Investments   | 2,369.31     | 47.50       |
| Interest income   | (7,476.54)   | (950.34)    |
| Dividend income   | (9,907.68)   | (343.17)    |
| Currency translation reserve  | 2,061.97     | –           |
| Foreign exchange fluctuation  | 1,600.86     | 503.11      |
| Mark to Market of Fertiliser Special Bonds  | 10,452.34    | 1,291.71    |
| Provision for Diminution in Value of Other Investments  | –            | 12.00       |
| Provision for doubtful debts no longer required, written back                                     | (62.99)      | (317.30)    |
| Provision for doubtful debts and advances   | 99.40        | 85.36       |
| Bad debts written off   | 82.15        | 292.29      |
| <b>Operating Profit Before Working Capital Changes</b>  | 101,300.35   | 46,300.79   |
| Adjustments for:  |              |             |
| (Increase)/Decrease in trade and other receivables  | (45,267.80)  | 51,734.34   |
| (Increase)/Decrease in inventories  | (48,264.22)  | (24,243.01) |
| Increase/(Decrease) in trade payables   | 92,561.40    | (1,177.58)  |
| Receipt of Fertiliser Companies' Government of India Special Bonds in lieu of subsidy receivables | (199,273.00) | (51,194.60) |
| Proceeds from sale of Fertiliser companies' Govt of India Special Bonds                           | 126,325.00   | 21,952.50   |
| <b>Cash Generated From Operations</b>   | 27,381.73    | 43,372.44   |
| Interest received   | 6,582.11     | 400.81      |
| Direct Taxes paid (net of refunds)  | (32,377.79)  | (11,237.42) |
| <b>Net Cash from Operating Activities</b>   | 1,586.05     | 32,535.83   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>   |              |             |
| Purchase of fixed assets  | (11,652.51)  | (4,287.99)  |
| Sale of fixed assets  | 43.33        | 75.46       |
| Purchase of Long term investments - others  | (20,074.30)  | (16,829.44) |
| Sale of Long term investments - others  | 2,670.09     | –           |
| Purchase of investments - in units of mutual funds  | (458,900.00) | –           |
| Sale of investments - units of mutual funds   | 461,400.00   | –           |
| Dividends received - Trade  | 8,567.47     | 1.63        |
| Dividends received - Others   | 1,340.21     | 341.54      |
| <b>Net Cash Used In Investing Activities</b>  | (16,605.71)  | (20,698.80) |

## CONSOLIDATED CASH FLOW (Contd...)

Rupees in Lakhs

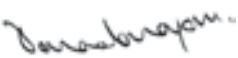
|   | 2008-2009        | 2007-2008          |
|---|------------------|--------------------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                 |                  |                    |
| Proceeds from long term borrowings                            | 6,088.80         | 1,212.46           |
| Repayment of long term borrowings                             | (15,794.07)      | (7,284.35)         |
| Increase/(Decrease) in working capital finance                | 80,520.95        | (1,675.52)         |
| Dividends paid (including tax thereon)                        | (15,287.10)      | (3,509.77)         |
| Interest paid   | (8,701.77)       | (7,155.03)         |
| <b>Net Cash from Financing Activities</b>                     | <b>46,826.81</b> | <b>(18,412.21)</b> |
| <b>Net Increase/ (Decrease) in Cash And Cash Equivalents</b>  | <b>31,807.15</b> | <b>(6,575.18)</b>  |
| <b>Cash and Cash Equivalents at the beginning of the year</b> | <b>10,723.20</b> | <b>17,298.38</b>   |
| <b>Cash and Cash Equivalents at the end of the year</b>       | <b>42,530.35</b> | <b>10,723.20</b>   |

### Notes:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statements notified under section 211 (3C) of the Act.
2. The Government of India, Ministry of Chemicals and Fertilisers, has issued 'Government of India Special Bonds' towards the subsidy receivable. These bonds classified under 'Investments' in the previous year have been reclassified as 'Other Current Assets' (Schedule 10) as the management is of the opinion that this would reflect the true intent of its nature. Accordingly, the same has been reclassified in this statement from 'Cash flow from Investing Activities' to 'Cash flow from Operating Activities'.

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

For and on behalf of the Board

  
**N.K. VARADARAJAN**  
 Partner  
 For and on behalf of  
**Price Waterhouse**  
 Chartered Accountants

Hyderabad: April 24, 2009

  
**V RAVICHANDRAN**  
 Managing Director

  
**P NAGARAJAN**  
 Chief Financial Officer

  
**A VELLAYAN**  
 Chairman

  
**M R RAJARAM**  
 Company Secretary

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

Rupees in Lakhs

|   | March 31, 2009  | March 31, 2008  |
|---|-----------------|-----------------|
| <b>I. CAPITAL</b>   |                 |                 |
| Authorised<br>175,000,000 Equity Shares of Rs.2/- each  | 3,500.00        | 3,500.00        |
| Issued and Subscribed*<br>139,896,948 (2008: 139,896,948) Equity Shares of Rs.2/- each fully paid-up  | 2,797.94        | 2,797.94        |
| *Notes:   |                 |                 |
| (A) Of the above, since inception:  |                 |                 |
| (i) 5,806,100 Equity Shares of Rs. 2/- each fully paid-up have been allotted pursuant to contracts without payments being received in cash.   |                 |                 |
| (ii) 69,278,790 Equity Shares of Rs. 2/- each fully paid-up have been issued as Bonus Shares by capitalisation of a part of General Reserve.  |                 |                 |
| (iii) 4,409,440 Equity Shares of Rs. 2/- each fully paid-up have been issued at a premium of Rs. 2/- per share to the Debenture Holders and Public Financial Institutions pursuant to the right exercised by them for converting a part of their Debentures/Loan amounts into fully paid-up Equity Shares.  |                 |                 |
| (B) 4,864,000 Equity Shares of Rs. 10/- each fully paid-up have been bought back at a price of Rs. 65/- per share from the shareholders pursuant to the offer for buy back of equity shares made during the year ended March 31, 2000.  |                 |                 |
| (C) 29,749,505 Equity Shares of Rs. 2/- each fully paid-up have been allotted to the shareholders of E.I.D. Parry (India) Limited in the ratio of one share of the Company for every three shares of E.I.D. Parry (India) Limited, pursuant to the scheme of arrangement (demerger) between E.I.D. Parry (India) Limited and the Company for the acquisition of Farm Inputs Division of E.I.D. Parry (India) Limited. |                 |                 |
| (D) 831,981 Equity shares of Rs.2/- each fully paid up have been allotted to the shareholders of Ficom Organics Limited in the ratio of 3 shares of the company for every 11 shares of Ficom Organics Limited pursuant to the Scheme of Amalgamation between Ficom Organics Limited and Rasilah Investments Limited and the Company.  |                 |                 |
| (E) 12,037,182 Equity shares of Rs.2/- each fully paid up have been 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.  |                 |                 |
| (F) Of the total Equity Share Capital, as at March 31, 2009, E.I.D. Parry (India) Limited (Holding Company) holds 87,947,790 (2008: 87,719,035) Equity Shares of Rs. 2/- each fully paid-up.  |                 |                 |
| <b>Total</b>  | <b>2,797.94</b> | <b>2,797.94</b> |



## ...SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

Rupees in Lakhs

|  |                        | March 31, 2009 | March 31, 2008 |
|--|------------------------|----------------|----------------|
| <b>2. RESERVES AND SURPLUS</b>   |                        |                |                |
| Capital Reserve  |                        |                |                |
| Per last Balance Sheet   |                        | 13,601.44      | 889.55         |
| Add: On Amalgamation   |                        | –              | 12,711.89      |
|  | <b>(A)</b>             | 13,601.44      | 13,601.44      |
| Capital Reserve  |                        | 14.97          | 14.97          |
| Capital Redemption Reserve   |                        | 486.40         | 486.40         |
| Share Premium Account  |                        | 6,006.01       | 6,006.01       |
| Central Subsidy  |                        | 11.25          | 11.25          |
|  | <b>(B)</b>             | 6,518.63       | 6,518.63       |
| Debenture Redemption Reserve   |                        |                |                |
| Per last Balance Sheet   |                        | 1,313.87       | 1,613.87       |
| Less: Transfer to Profit and Loss Account  |                        | (1,313.87)     | (300.00)       |
|  | <b>(C)</b>             | –              | 1,313.87       |
| Investment Allowance Reserve (Utilised) Account  |                        |                |                |
| Per last Balance Sheet   |                        | 1,428.42       | –              |
| Add: Transferred on Amalgamation   |                        | –              | 1,428.42       |
| Less: Transfer to Amalgamation Adjustment Account*   |                        | 1,428.42       | –              |
|  | <b>(D)</b>             | –              | 1,428.42       |
| General Reserve  |                        |                |                |
| Per last Balance Sheet   |                        | 49,961.70      | 34,961.70      |
| Add: Transfer from Profit and Loss Account   |                        | 25,000.00      | 15,000.00      |
|  | <b>(E)</b>             | 74,961.70      | 49,961.70      |
| Currency Translation Reserve   | <b>(F)</b>             | 2,061.97       | –              |
| Profit and Loss Account  | <b>(G)</b>             | 21,268.93      | 5,371.68       |
|  | <b>{A+B+C+D+E+F+G}</b> | 118,412.67     | 78,195.74      |
| Less: Amalgamation Adjustment Account  |                        |                |                |
| Per last Balance Sheet   |                        | 1,443.39       | –              |
| Add: On Amalgamation   |                        | –              | 1,443.39       |
| Less: Transfer from Investment Allowance Reserve (Utilised) Account  |                        | 1,428.42       | –              |
|  |                        | 14.97          | 1,443.39       |
| <b>Total</b>   |                        | 118,397.70     | 76,752.35      |
| *Adjusted against Amalgamation Adjustment Account on completion of the statutory period of ten years under the Income Tax Act, 1961. |                        |                |                |
| <b>3. SECURED LOANS</b>  |                        |                |                |
| (Refer Note VII on Schedule 17)  |                        |                |                |
| (a) Debentures   |                        | –              | 5,250.00       |
| (b) Term Loans   |                        |                |                |
| - Banks  |                        |                |                |
| - Foreign Currency Loans   |                        | 9,545.85       | 6,549.73       |
| - Rupee Loans  |                        | 5,666.67       | 12,427.08      |
| - Others   |                        | 2,037.34       | 2,653.95       |
| (c) Banks - Cash Credit and Working Capital Demand Loans   |                        |                |                |
| - Foreign Currency Loans   |                        | 1,014.80       | 21,322.77      |
| - Rupee Loans  |                        | 16,514.62      | 7,112.94       |
| <b>Total</b>   |                        | 34,779.28      | 55,316.47      |
| <b>4. UNSECURED LOANS</b>  |                        |                |                |
| (a) Short Term Loans   |                        |                |                |
| - From Banks   |                        |                |                |
| - Foreign Currency Loans   |                        | 87,992.07      | 33,513.72      |
| - Rupee Loans  |                        | 45,000.00      | 6,450.25       |
| (b) From other than banks, other than short term   |                        |                |                |
| - Sales Tax Deferral   |                        | 2.78           | 77.15          |
| - Security/Trade and Other Deposits  |                        | 9,306.00       | 8,949.30       |
| <b>Total</b>   |                        | 142,300.85     | 48,990.42      |

## ...SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

### 5. FIXED ASSETS

| Rupees in Lakhs  |                      |                             |                         |                      |                     |              |                            |                     |                      |                      |
|--|----------------------|-----------------------------|-------------------------|----------------------|---------------------|--------------|----------------------------|---------------------|----------------------|----------------------|
| Description  | COST or VALUATION    |                             |                         | DEPRECIATION         |                     |              |                            |                     | NET BOOK VALUE       |                      |
|  | As at 1st April 2008 | Additions                   | Deductions/ Adjustments | As at March 31, 2009 | Upto March 31, 2008 | For the year | On Deductions/ Adjustments | Upto March 31, 2009 | As at March 31, 2009 | As at March 31, 2008 |
| Land – Freehold  | 26,084.03            | –                           | –                       | 26,084.03            | –                   | –            | –                          | –                   | 26,084.03            | 26,084.03            |
| Land – Leasehold   | 1,788.27             | –                           | –                       | 1,788.27             | 152.75              | 26.73        | –                          | 179.48              | 1,608.79             | 1,635.52             |
| Buildings  | 6,586.02             | 1,066.52                    | 24.44                   | 7,628.10             | 1,449.86            | 215.70       | 13.88                      | 1,651.68            | 5,976.42             | 5,136.16             |
| Roads  | 724.28               | 43.29                       | 0.18                    | 767.39               | 79.97               | 14.13        | 0.09                       | 94.01               | 673.38               | 644.31               |
| Railway Siding   | 632.64               | 38.66                       | 8.52                    | 662.78               | 254.93              | 30.58        | 8.09                       | 277.42              | 385.36               | 377.71               |
| Plant and Machinery                                      | 74,621.85            | 6,026.37                    | 1,740.24                | 78,907.98            | 36,824.45           | 4,676.96     | 1,425.87                   | 40,075.54           | 38,832.44            | 37,797.40            |
| Office Equipment, Furniture and Fittings                 | 1,902.14             | 2,331.87                    | 191.07                  | 4,042.94             | 1,045.37            | 511.39       | 145.41                     | 1,411.35            | 2,631.59             | 856.77               |
| Vehicles   | 759.51               | 449.57                      | 87.05                   | 1,122.03             | 352.45              | 145.84       | 63.68                      | 434.61              | 687.42               | 407.06               |
| Technical Know-how                                       | 10.98                | –                           | –                       | 10.98                | 10.98               | –            | –                          | 10.98               | –                    | –                    |
| Total  | 113,109.72           | 9,956.28                    | 2,051.50                | 121,014.50           | 40,170.76           | 5,621.33     | 1,657.02                   | 44,135.07           | 76,879.43            | 72,938.96            |
| Previous Year  | 72,882.45            | 40,708.83<br>(Refer Note 3) | 481.56                  | 113,109.72           | 35,276.05           | 5,220.68     | 325.97                     | 40,170.76           | 72,938.96            | –                    |
| Capital work in Progress<br>(Including capital advances) |                      |                             |                         |                      |                     |              |                            |                     | 2,780.18             | 1,084.12             |

Notes:

1. Land taken over from GFCL, pursuant to the amalgamation is pending mutation in the name of the Company.
2. Additions to Plant and Machinery and Buildings for the year include interest capitalised amounting to Rs.111.34 lacs (2008: Rs. Nil).
3. Includes Rs. 36,310.12 lacs taken over pursuant to the Scheme of Amalgamation of Godavari Fertilisers and Chemicals Limited (GFCL) with the Company in the previous year.

## ...SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

Rupees in Lakhs

### 6. INVESTMENTS - LONG TERM - AT COST

#### I. TRADE INVESTMENTS

##### UNQUOTED

##### **Prathyusha Chemicals and Fertilisers Limited**

1,430,000 Equity Shares of Rs. 10/- each, fully paid-up

##### **Indian Potash Limited**

90,000 Equity Shares of Rs. 10/- each, fully paid-up

##### **Foskor (PTY) Limited, South Africa**

1,282,070 Ordinary shares of South African Rand 1 each fully paid-up

Nil (2008 : 23,500,000) "B" Class Shares of South African

Rand 1 each fully paid-up

##### **Tunisian Indian Fertilisers S.A., Tunisia**

3,375,000 (2008 : 1,350,000) Ordinary shares of Tunisian Dinars (TND) 10 each. {Of the above 1,350,000 shares have been fully paid up (2008 :TND 2.50 per share paid-up) and 2,025,000 (2008 : Nil) shares of TND 3.70 per share paid-up} Refer note XVIII(h) on Schedule 17

##### **Bharuch Enviro Infrastructure Limited**

16,100 Equity Shares of Rs. 10/- each, fully paid-up

##### **Bharuch Eco Aqua Infrastructure Limited**

275,000 Equity Shares of Rs. 10/- each, fully paid-up

##### **A.P.Gas Power Corporation Limited**

1,340,000 Equity shares of Rs.10 each fully paid

(A)

#### II. OTHER THAN TRADE INVESTMENTS - UNQUOTED

##### IDBI Flexibonds

40 bonds of Rs. 5,000/- each, fully paid-up

(B)

#### CURRENT INVESTMENTS - AT COST OR BELOW\*

##### QUOTED

##### **Glaxo Smithkline Pharmaceuticals Limited**

38 Equity Shares of Rs. 10/- each, fully paid-up

##### **Peninsula Land Limited**

245 Equity Shares of Rs. 2/- each, fully paid-up  
(formerly Morarjee Realities Ltd. )

##### **Tata Motors Limited**

28 equity shares of Rs.10/- each , fully paid-up

##### **Alpha Laval Limited**

47 Equity Shares of Rs. 10/- each, fully paid-up

##### **Corporation Bank Limited**

500 Equity Shares of Rs. 10/- each, fully paid-up

##### **Aditya Birla Nuvo Limited**

11 Equity Shares of Rs. 10/- each, fully paid-up  
(formerly Birla Global Finance Limited )

##### **PH Capital Limited**

2900 Equity Shares of Rs. 10/- each, fully paid-up

##### **Ashnoor Textile Mills Limited**

238 Equity Shares of Rs. 10/- each,  
fully paid-up, (formerly Gupta Carpet Udyog Limited)

| March 31, 2009 | March 31, 2008 |
|----------------|----------------|
|                |                |
| –              | –              |
| 4.50           | 4.50           |
| 13,924.66      | 23.02          |
| –              | 2,670.09       |
| 7,365.83       | 1,193.17       |
| 1.61           | 1.61           |
| 27.50          | 27.50          |
| 753.75         | 753.75         |
| 22,077.85      | 4,673.64       |
| 2.00           | 2.00           |
| 2.00           | 2.00           |
| 0.16           | 0.16           |
| 0.14           | 0.14           |
| 0.10           | 0.10           |
| 0.24           | 0.24           |
| 0.40           | 0.40           |
| 0.01           | 0.01           |
| 0.29           | 0.29           |
| 0.05           | 0.05           |

## ...SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

Rupees in Lakhs

|   | March 31, 2009 | March 31, 2008 |
|---|----------------|----------------|
| <b>CURRENT INVESTMENTS - AT COST OR BELOW* (Contd.....)</b>   |                |                |
| QUOTED  |                |                |
| <b>Indian Card Clothing Company Limited</b>   | –              | –              |
| 2 Equity Shares of Rs. 10/- each, fully paid-up   |                |                |
| <b>ISMT Limited</b>   | 0.07           | 0.07           |
| Reconstructed to 425 equity Shares of Rs. 5/- each, fully paid-up, (formerly Indian Seamless Metal Tubes Limited)   |                |                |
| <b>I G Petrochemicals Limited</b>   | 12.64          | 12.64          |
| 13,000 Equity Shares of Rs. 10/- each, fully paid-up  |                |                |
| <b>Laxmi Electrical Control Systems Limited</b>   | –              | –              |
| 2 Equity Shares of Rs. 10/- each, fully paid-up   |                |                |
| <b>UTI Master Shares</b>  | 0.15           | 0.15           |
| 1,000 Equity Shares of Rs. 10/- each, fully paid-up   |                |                |
| <b>Super Sales India Limited</b>  | 0.04           | 0.04           |
| 80 Equity Shares of Rs. 10/- each, fully paid-up (formerly Super Sales Agencies Ltd.)   |                |                |
| <b>Tata Steel Limited</b>   | 0.10           | 0.10           |
| 49 Equity Shares of Rs. 10/- each, fully paid-up (formerly Tata Iron and Steel Company Ltd.)  |                |                |
| <b>Tata Power Company Limited</b>   | 0.16           | 0.16           |
| 120 Equity Shares of Rs. 10/- each, fully paid-up   |                |                |
|   | 14.55          | 14.55          |
| Less: Provision for diminution in value   | 11.37          | 11.37          |
| <b>(C)</b>  | 3.18           | 3.18           |
| <b>Investment in Mutual Funds</b>   |                |                |
| DBS Chola Short Term Floating Rate Fund   | –              | 2,500.00       |
| <b>(D)</b>  | –              | 2,500.00       |
| <b>{A+B+C+D}</b>  | 22,083.03      | 7,178.82       |
| <br>*Aggregate Market Value of Quoted Investments -<br>Rs. 5.02 lacs (2008: Rs. 10.90 lacs)<br><br>Aggregate Value of Quoted Investments -<br>Rs. 3.18 lacs (2008: Rs. 3.18 lacs)<br><br>Aggregate Value of Unquoted Investments -<br>Rs. 22,082.58 lacs (2008: Rs. 32,630.53 lacs) |                |                |

## ...SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

|  |          | Rupees in Lakhs   |                  |
|--|----------|-------------------|------------------|
|  |          | March 31, 2009    | March 31, 2008   |
| <b>7. INVENTORIES</b>  |          |                   |                  |
| Stores and Spare Parts*  |          | 2,980.68          | 3,070.78         |
| Raw Materials*   |          | 81,477.50         | 63,657.36        |
| Work-in-process**  |          | 1,518.60          | 934.57           |
| Finished Goods**   |          | 48,774.27         | 18,824.12        |
| <b>Total</b>   |          | <b>134,751.05</b> | <b>86,486.83</b> |
| *At cost or under  |          |                   |                  |
| **At cost or net realisable value, whichever is lower              |          |                   |                  |
| Raw Materials include Materials in Transit of                      |          |                   |                  |
| Rs. 8,494.52 lacs (2008: Rs. 8,226.50 lacs) .                      |          |                   |                  |
| <b>8. SUNDRY DEBTORS</b>   |          |                   |                  |
| (Considered Good, Unless Otherwise Stated)                         |          |                   |                  |
| Debts outstanding for a period exceeding six months                |          |                   |                  |
| Secured  |          | 144.28            | 73.10            |
| Unsecured  |          | 507.99            | 715.22           |
| Unsecured - Considered Doubtful                                    |          | 499.28            | 450.85           |
|  |          | 1,151.55          | 1,239.17         |
| Less: Provision for Doubtful Debts                                 |          | 499.28            | 450.85           |
|  | <b>A</b> | <b>652.27</b>     | <b>788.32</b>    |
| Other Debts  |          |                   |                  |
| Secured  |          | 1,016.72          | 1,106.99         |
| Unsecured  |          | 8,479.01          | 8,095.94         |
|  | <b>B</b> | <b>9,495.73</b>   | <b>9,202.93</b>  |
| <b>Total {A+B}</b>   |          | <b>10,148.00</b>  | <b>9,991.25</b>  |
| <b>9. CASH AND BANK BALANCES</b>                                   |          |                   |                  |
| Cash on Hand   |          | 16.34             | 13.65            |
| Balances with Scheduled Banks:                                     |          |                   |                  |
| - On Current Accounts  |          | 42,453.36         | 9,371.66         |
| - On Deposit Accounts  |          | —                 | 1,000.00         |
| - On Margin Money Accounts   |          | 54.57             | 336.54           |
| Balances with non-Scheduled Banks:                                 |          |                   |                  |
| - On Current Account - Ned Bank, South Africa*                     |          | 6.08              | 1.35             |
| <b>Total</b>   |          | <b>42,530.35</b>  | <b>10,723.20</b> |
| *Maximum balance outstanding during the year -                     |          |                   |                  |
| Rs. 2,610.17 lacs (2008: Rs. 33.54 lacs)                           |          |                   |                  |
| <b>10. OTHER CURRENT ASSETS</b>                                    |          |                   |                  |
| 8.30% Fertiliser Companies' Government of India Special Bonds 2023 |          | —                 | 18,600.00        |
| 7.95% Fertiliser Companies' Government of India Special Bonds 2026 |          | —                 | 10,594.60        |
| 7.00% Fertiliser Companies' Government of India Special Bonds 2022 |          | 15,250.90         | —                |
| 6.20% Fertiliser Companies' Government of India Special Bonds 2022 |          | 38,931.00         | —                |
| 6.65% Fertiliser Companies' Government of India Special Bonds 2023 |          | 45,591.00         | —                |
|  |          | 99,772.90         | 29,194.60        |
| Less: Mark to Market write down                                    |          | 11,744.05         | 1,291.71         |
| Refer note XVIII(g) on Schedule 17                                 |          |                   |                  |
| <b>Total</b>   |          | <b>88,028.85</b>  | <b>27,902.89</b> |

## ...SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

Rupees in Lakhs

|  | March 31, 2009    | March 31, 2008   |
|--|-------------------|------------------|
| <b>11. LOANS AND ADVANCES</b>  |                   |                  |
| (Unsecured and Considered Good Unless Otherwise Stated)  |                   |                  |
| Interest accrued but not due on deposits/loans/ Fertilisers special bonds                                | 1,503.26          | 608.83           |
| Advances recoverable in cash or in kind or for value to be received                                      |                   |                  |
| Considered Good  | 6,474.58          | 5,066.52         |
| Considered Doubtful  | 6.08              | 6.08             |
| Government Subsidies Receivable  | 94,686.68         | 52,193.68        |
| Deposits with Government Bodies  | 1,445.95          | 863.31           |
| Balances with Excise, Customs, Port Trust etc.,  | 1,167.73          | 658.93           |
|  | 105,284.28        | 59,397.35        |
| Less: Provision for Doubtful Advances  | 6.08              | 6.08             |
| <b>Total</b>   | <b>105,278.20</b> | <b>59,391.27</b> |
| <b>12. LIABILITIES</b>   |                   |                  |
| Acceptances  | 29,660.69         | 334.33           |
| Sundry Creditors   |                   |                  |
| - Outstanding dues of Micro and Small Enterprises  | —                 | —                |
| - Outstanding dues of other than Micro and Small Enterprises   | 127,876.31        | 66,387.15        |
| Unclaimed dividends*   | 370.85            | 109.06           |
| Unclaimed matured fixed deposits*  | —                 | 0.86             |
| Unclaimed interest on fixed deposits*  | —                 | 0.06             |
| Cheques issued but not encashed  |                   |                  |
| - Fixed Deposit Refunds*   | 0.45              | 0.09             |
| Advances and Deposits  | 4,725.52          | 4,236.02         |
| Other Liabilities  | 328.63            | 226.85           |
| Interest accrued but not due on loans/security deposits  | 874.97            | 813.97           |
| <b>Total</b>   | <b>163,837.42</b> | <b>72,108.39</b> |
| * There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund. |                   |                  |
| <b>13. PROVISIONS</b>  |                   |                  |
| Taxation (net of advance tax)  | 2,410.16          | 3,105.21         |
| Dividend   | 5,595.88          | 4,896.39         |
| Tax on Dividend  | 951.02            | 832.14           |
| Fringe Benefits Tax (net of advance tax)   | 3.56              | (9.34)           |
| Employee Benefits  | 1,461.04          | 1,535.28         |
| Others (Refer Note XVIII(k) on Schedule 17)  | 1,997.53          | 1,125.38         |
| <b>Total</b>   | <b>12,419.19</b>  | <b>11,485.06</b> |

## ...SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

Rupees in Lakhs

|  | Year ended<br>March 31, 2009 | Year ended<br>March 31, 2008 |
|--|------------------------------|------------------------------|
| <b>14. OTHER INCOME</b>  |                              |                              |
| Interest on loans/deposits, Fertiliser Special bonds, income tax refunds etc. (Gross)<br>[Tax deducted at source Rs. 937.78 lacs (2008: Rs. 44.58 lacs)] | 7,476.54                     | 950.34                       |
| Dividend (Gross)   |                              |                              |
| - On trade investments   | 8,567.47                     | 1.63                         |
| [Tax deducted at source Rs. Nil (2008: Rs. Nil)]   |                              |                              |
| - On other investments   | 1,340.21                     | 341.54                       |
| [Tax deducted at source Rs. Nil (2008: Rs. Nil)]   |                              |                              |
| Provision for doubtful debts no longer required, written back  | 62.99                        | 317.30                       |
| Other provisions no longer required, written back  | 713.02                       | 360.30                       |
| Service Income   | 533.44                       | 825.70                       |
| DEPB Income / Excise Benefits  | 617.86                       | 725.35                       |
| Miscellaneous Income   | 1,350.73                     | 799.27                       |
| <b>Total</b>   | <b>20,662.26</b>             | <b>4,321.43</b>              |
| <b>15. MANUFACTURING AND OTHER EXPENSES</b>  |                              |                              |
| Raw Materials Consumed   | 722,918.69                   | 259,778.33                   |
| Stores Consumed  | 9,247.19                     | 8,338.23                     |
| Power, Fuel and Water  | 6,304.76                     | 6,618.10                     |
| Purchase of Goods for Resale   | 100,491.48                   | 13,711.55                    |
| Salaries, Wages and Bonus  | 10,422.42                    | 7,948.54                     |
| Contribution to Provident Fund and Other Funds   | 1,427.08                     | 794.70                       |
| Staff Welfare  | 1,498.04                     | 1,028.30                     |
| Equipment Lease Rentals  | —                            | 181.51                       |
| Rent   | 832.34                       | 506.56                       |
| Repairs to:  |                              |                              |
| Plant and Machinery  | 3,713.97                     | 3,083.62                     |
| Buildings  | 215.15                       | 549.99                       |
| Others   | 2,336.62                     | 461.64                       |
| Insurance  | 271.56                       | 283.23                       |
| Rates and Taxes  | 823.39                       | 343.68                       |
| Travel   | 1,456.07                     | 1,105.78                     |
| Communication  | 364.26                       | 256.82                       |
| Freight and Distribution   | 19,241.58                    | 16,588.27                    |
| Commission to other Selling Agents   | 206.52                       | 99.70                        |
| Directors' Fees  | 9.85                         | 9.55                         |
| Loss/(Profit) on Sale/Scrap of Fixed Assets (net)  | 351.15                       | 80.13                        |
| Provision for Doubtful Debts and Advances  | 99.40                        | 85.36                        |
| Loss on Sale of Fertiliser Special Bonds   | 2,369.31                     | 47.50                        |
| Mark to Market of Fertiliser Special Bonds   | 10,452.34                    | 1,291.71                     |
| Provision for Diminution in Value of Other Investments   | —                            | 12.00                        |
| Bad Debts Written Off  | 82.15                        | 292.29                       |
| Miscellaneous Expenses   | 7,688.20                     | 4,380.52                     |
| (Increase)/Decrease in Stock:  |                              |                              |
| Stock as at April 1,   |                              |                              |
| Work-in-Process  | 934.57                       | 837.32                       |
| Finished Goods   | 18,824.12                    | 19,409.20                    |
| Add: On Amalgamation - Finished Goods  | —                            | 6,090.54                     |
|  | <b>19,758.69</b>             | <b>26,337.06</b>             |
| Less: Stock as at March 31,  |                              |                              |
| Work-in-process  | 1,518.60                     | 934.57                       |
| Finished Goods   | 48,774.27                    | 18,824.12                    |
|  | <b>50,292.87</b>             | <b>19,758.69</b>             |
| (Increase)/Decrease in Stock   | <b>(30,534.18)</b>           | <b>6,578.37</b>              |
| <b>Total</b>   | <b>872,289.34</b>            | <b>334,455.97</b>            |
| <b>16. INTEREST</b>  |                              |                              |
| On Debentures/Term Loans   | 1,766.77                     | 2,316.60                     |
| Others   | 6,996.00                     | 4,668.49                     |
| <b>Total</b>   | <b>8,762.77</b>              | <b>6,985.09</b>              |



## ...SCHEDULES CONSOLIDATED ACCOUNTS

### 17. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

#### I. Basis of preparation of accounts.

The consolidated financial statements have been prepared in accordance with historical cost convention to comply in all material respects with applicable accounting principles in India, the Accounting Standards notified under section 211(3C) of the Companies Act 1956 ("the Act") and the relevant provisions of the Act.

The consolidated financial statements include accounts of Coromandel Fertilisers Limited ("the Company") and its wholly owned subsidiaries Parry Chemicals Limited, CFL Mauritius Limited, Mauritius, Coromandel Brasil Limitada, Brasil (a Limited Liability Partnership), its joint venture Coromandel Getax Phosphates Pte Limited and its associate Pratyusha Chemicals and Fertilisers Limited.

#### II. Principles of Consolidation:

In the preparation of these Consolidated Financial Statements, investments in Subsidiaries, Associate and Joint Venture have been accounted for in accordance with AS-21 (Accounting for Consolidated Financial Statements) AS- 23 (Accounting for investments in Associates in Consolidated Financial Statements) and AS-27 (Financial Reporting of Interests in Joint Ventures) respectively notified under section 211(3C) of the Act. The Consolidated Financial Statements have been prepared on the following basis:

- (i) Subsidiary companies are those in which Coromandel Fertilisers Limited, directly or indirectly, have an interest of more than one half of the voting power or otherwise have power to exercise control over the operations.
- (ii) Investments in business entities over which the company exercises joint control are accounted for using the proportionate consolidation.
- (iii) Investments in associates are accounted for using the equity method whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition changes based on share of profits or losses since the acquisition.
- (iv) All inter company transactions, balances and unrealized surpluses and deficits on transactions between Group companies are eliminated. Consistency in adoption of accounting policies among all group companies is ensured to the extent practicable.
- (v) The operations of the Company's subsidiaries and joint ventures are considered as non-integral operations for the purpose of consolidation.

#### III. List of Subsidiaries, Joint Ventures and Associates considered for Consolidation.

| Name of the Company   | Relationship  | Country of Incorporation | Percentage of voting power as at March 31, 2009 |
|---|---------------|--------------------------|---|
| Parry Chemicals Limited (PCL)                                   | Subsidiary    | India                    | 100   |
| CFL Mauritius Limited (CML)                                     | Subsidiary    | Mauritius                | 100   |
| Coromandel Brasil Limitada (CBL), Limited Liability Partnership | Subsidiary    | Brazil                   | 100   |
| Coromandel Getax Phosphates Pte Ltd., (CGPL)                    | Joint Venture | Singapore                | 50  |
| Pratyusha Chemicals and Fertilisers Limited (PCFL)              | Associate     | India                    | 26  |

- a. CML, CBL and CGPL were incorporated on June 17, 2008, December 10, 2008 and April 29, 2008 respectively. Accordingly the financial statements of these companies have been prepared from the date of incorporation to March 31, 2009.
- b. In respect of PCFL the financial statements of the associate have been drawn up to March 31, 2008 only. Since the Group share of losses in PCFL has exceeded the carrying amount of the investment in that company, recognition of further losses has been discontinued and the investment is reported at 'nil' value.
- c. In respect of CML and CGPL the financial year is from January 1, 2008 to December 31, 2008 and accordingly audited financial statements are available up to December 31, 2008. These financial statements have been adjusted by the management for significant transactions between January 1, 2009 to March 31, 2009. In respect of CBL, since the Company was incorporated only in December 2008, these have been considered based on financial statements prepared by the management. However the audited results would not be materially different from those prepared by the management.

## ...SCHEDULES CONSOLIDATED ACCOUNTS

### Schedule 17 (Contd...)

#### IV. Significant Accounting Policies:

##### Fixed Assets

Fixed assets are shown at cost or valuation less depreciation. Cost comprises of the purchase price and other attributable expenses including cost of borrowings till the date of capitalisation in the case of assets involving material investment and substantial lead time.

##### Depreciation on Fixed assets

Depreciation is provided on the straight-line method. Depreciation on all assets (except certain Plant and Machinery, Vehicles and Computers and related equipment) has been provided over the useful life of the assets as determined by the management or derived from the rates prescribed in Schedule - XIV of the Companies Act 1956, whichever is higher. The useful life of such assets is periodically reviewed and re-determined and the unamortised depreciable amount is charged over the remaining useful life of such assets. Leasehold land is being amortised over the lease period.

The estimated useful lives of assets which are lower than those prescribed in Schedule XIV are as under:

| Asset                                    | Useful lives (in years) |
|--|-------------------------|
| Plant and Machinery                      | 5 - 14                  |
| Vehicles                                 | 5 - 7                   |
| Office Equipment, Furniture and Fittings | 3 - 5                   |
| Computers and related equipments         | 3 - 5                   |

##### Foreign Currency Transactions

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 Profit and Loss Account.

In respect of forward contracts entered into to hedge risks associated with foreign currency fluctuation, 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 resultant gain/loss is recognised in the Profit and Loss Account. Any profit or loss arising on cancellation of such contracts is recognized as income or expense in the Profit and Loss Account of the year.

##### Investments

Long term investments are valued at cost. The diminution in the market value of such investments is not recognised unless it is considered permanent in nature. Current investments are valued at cost or market value, whichever is lower.

##### Inventories

Raw Materials and Stores and spares are valued at or below cost. 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:

- Stores and Spares - Weighted Average Cost.
- Raw Material - First-in-First-out basis. Cost includes purchase cost and other attributable expenses.
- Finished Goods and Work-in-process - Weighted average cost of production which comprises of direct material costs, direct wages and applicable overheads.
- Goods purchased for resale - Weighted average cost

##### Sundry Debtors and Loans & Advances

Specific debts and advances identified as irrecoverable and doubtful are written off or provided for respectively. Subsidy receivable is disclosed under "Loans and Advances".

##### Fertiliser Companies' Government of India Special Bonds

Fertiliser Companies' Government of India Special Bonds issued by Government of India in lieu of subsidy dues are intended to be kept for short term and are valued at lower of Cost and Market value and are shown as 'Other Current Assets'.

##### Revenue Recognition

- Sale of goods is recognized at the point of despatch to customers. Sales include amounts recovered towards excise duty and exclude sales tax.

## ...SCHEDULES CONSOLIDATED ACCOUNTS

### Schedule 17 (Contd...)

- b) Dividend income from investments is accounted for in the year in which the right to receive the payment is established.
- c) Subsidy is recognized on the basis of the concession scheme announced by the Government of India from time to time. Subsidy is accounted for on the basis of sale made by the company.
- d) Export benefits under DEPB license and excise benefits are accounted for on accrual basis.

#### 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 Profit and Loss Account each year.

The Company makes contributions to three 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 in accordance with the revised Accounting Standard 15 (revised 2005) on 'Employee Benefits' notified under Sec 211 (3C) of the Act ('revised AS 15') as at the end of the year.

##### 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 Profit and Loss Account. The liability as at the Balance Sheet date is provided for based on the actuarial valuation carried out in accordance with revised AS 15 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 Profit and Loss Account. The Company's liability as at the Balance Sheet date is provided for based on the actuarial valuation in accordance with the requirements of revised AS 15 as at the end of the year.

##### 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 in accordance with revised AS 15 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.

#### Leases

The Company's significant leasing arrangements are in respect of operating leases for premises that are cancelable in nature. The lease rentals paid under such agreements are charged to the Profit and Loss Account.

#### Taxes on Income

Provision for current tax is made for the amount of tax payable in respect of taxable income for the year under Income Tax Act, 1961.

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.

#### Earnings per Share

The earnings considered for ascertaining the Company's Earnings Per Share comprises the net 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.

#### Employee Stock Option Scheme

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 Exchange Board 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 recognized as deferred employee compensation and is charged to the Profit and Loss Account 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.

## ...SCHEDULES CONSOLIDATED ACCOUNTS

### Schedule 17 (Contd...)

#### V. Employee Stock Option Plan - ESOP 2007

- Pursuant to the decision of the shareholders, at their meeting held on July 24, 2007, the Company has 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.
- Under the Scheme, options not exceeding 6,392,988 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.
- 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.
- Pursuant to the above mentioned scheme, the Company has, during the year, granted 557,500 options vesting 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 amortised in this regard.
- The following are the number of options outstanding during the year:

|                              | Year ended<br>March 31, 2009 |  | Year ended<br>March 31, 2008 |  |
|------------------------------|------------------------------|--|------------------------------|--|
|                              | No. of<br>Options            | Weighted<br>average<br>Exercise<br>Price (Rs.) | No. of<br>Options            | Weighted<br>average<br>Exercise<br>Price (Rs.) |
| <b>Stock Option</b>          |                              |  |                              |  |
| At the beginning of the Year | 2,217,800                    | 89.94  | –                            | –  |
| Granted                      | 557,500                      | 119.39   | 2,217,800                    | 89.94  |
| Exercised                    | –                            | –  | –                            | –  |
| Cancelled                    | 80,544                       | 89.59  | –                            | –  |
| At the end of the Year       | 2,694,756                    | 96.05  | 2,217,800                    | 89.94  |

- 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.
- 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 Institute of Chartered Accountants of India, had the compensation cost for the employee stock option plan been recognized 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:

|  | Rupees in Lakhs              |                              |
|--|------------------------------|------------------------------|
|  | Year ended<br>March 31, 2009 | Year ended<br>March 31, 2008 |
| <b>Profit after Taxation (Rs. in Lacs)</b> |                              |                              |
| - As reported                              | 55,950.63                    | 21,010.00                    |
| - Proforma                                 | 55,385.27                    | 20,421.00                    |
| <b>Earnings Per Share</b>                  |                              |                              |
| <b>Basic</b>                               |                              |                              |
| - No. of Shares                            | 139,896,948                  | 139,896,948                  |
| - EPS as reported (Rs.)                    | 39.99                        | 15.02                        |
| - Proforma EPS (Rs.)                       | 39.59                        | 14.60                        |
| <b>Diluted</b>                             |                              |                              |
| - No. of shares                            | 140,154,139                  | 140,407,022                  |
| - EPS as reported (Rs.)                    | 39.92                        | 14.96                        |
| - Proforma EPS (Rs.)                       | 39.52                        | 14.54                        |

## ...SCHEDULES CONSOLIDATED ACCOUNTS

### Schedule 17 (Contd...)

Rupees in Lakhs

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

|                             | Year ended<br>March 31, 2009 | Year ended<br>March 31, 2008 |
|-----------------------------|------------------------------|------------------------------|
| Dividend Yield (%)          | 175                          | 100                          |
| Expected Volatility (%)     | 0.50-0.52                    | 0.48                         |
| Risk free interest rate (%) | 7.5                          | 8                            |
| Expected term (in years)    | 4-5                          | 5                            |

Rupees in Lakhs

#### VI. Managerial Remuneration

##### A. To the Directors of the Company

|   |        |        |
|---|--------|--------|
| (i) Remuneration to Whole-time director*    |        |        |
| Salary and Allowances                       | 88.05  | 64.96  |
| Commission/Incentive                        | 32.63  | 27.57  |
| Contribution to Provident and other Funds   | 10.88  | 8.85   |
| Value of Perquisites                        | 8.09   | 8.66   |
| (ii) Commission to non Whole-time Directors | 20.30  | 22.19  |
| (iii) Sitting Fee                           | 9.85   | 7.40   |
|   | 169.80 | 139.63 |

##### B. To the Directors of erstwhile Godavari Fertilisers and Chemicals Limited

|   |        |        |
|---|--------|--------|
| (i) Remuneration to Whole-time director   |        |        |
| Salary                                    | —      | 23.44  |
| Contribution to Provident and other Funds | —      | 0.38   |
| Others / Perquisites                      | —      | 21.38  |
| (ii) Sitting Fee                          | —      | 2.15   |
|   | —      | 47.35  |
| <b>Total</b>                              | 169.80 | 186.98 |

- \*Notes:**
- Includes an amount of Rs. 27.83 lacs paid/payable to the Managing Director since his reappointment on January 22, 2009, which is subject to the approval of the shareholders at the ensuing Annual General Meeting.
  - 483,500 (2008: 483,500) Employee Stock Options were granted to the Managing director at an exercise price of Rs. 89.15 per share pursuant to Employee Stock Option Scheme 2007.
  - Managerial Remuneration above does not include leave encashment benefit, since the same is computed actuarially for all the employees and the amount attributable to the managerial person cannot be ascertained separately.

#### VII. Secured Loans (Schedule 3)

##### Loans

- The term loans amounting to Rs. 12,175.86 lacs from banks and others are secured by an exclusive first charge on the specific assets of the Company. CFL Mauritius Limited has a loan outstanding amounting to Rs. 5,074.00 lacs secured by a corporate guarantee of 100% from Coromandel Fertilisers Limited. A negative lien has been created over the investments made in Foskor (Proprietary) Limited, upto 10% of the equity shares of Foskor (Proprietary) Limited.
- The working capital facilities from banks are secured by a hypothecation of stock of raw materials, work-in-process, finished goods, stores and spare parts and book debts of the Company. These are further secured by a second charge on the movable fixed assets of the Company.

## ...SCHEDULES CONSOLIDATED ACCOUNTS

### Schedule 17 (Contd...)

#### VIII. Contingent Liabilities

##### a) Guarantees :

The Company has given a guarantee towards the borrowing of Tunisian Indian Fertilisers S.A., Tunisia (TIFERT) upto Rs. 26,257.95 lacs. As at March 31, 2009 TIFERT had not availed the loan facility.

Rupees in Lakhs

##### b) Others

In respect of matters under dispute:

Income Tax

Excise Duty

Sales Tax

Others

- (C) **Land :** Liability for additional compensation payable in respect of land purchased from M/s. Nagarjuna Fertilisers and Chemicals Limited has not been provided for, pending court orders and determination of the amount payable.

| Year ended<br>March 31, 2009 | Year ended<br>March 31, 2008 |
|------------------------------|------------------------------|
|                              |                              |
| –                            | 301.04                       |
| 258.39                       | 256.18                       |
| 9.13                         | 140.89                       |
| 1,017.89                     | 1,086.42                     |

Rupees in Lakhs

#### IX. Capital Commitments

Capital expenditure commitments

Commitment towards investments

| Year ended<br>March 31, 2009 | Year ended<br>March 31, 2008 |
|------------------------------|------------------------------|
| 3,369.46                     | 807.42                       |
| 4622.28                      | 3,534.40                     |

#### X. Deferred Tax

##### a) Deferred Tax Asset:

- On Employees separation and retirement

Costs

- Other timing differences mainly relating to

Statutory dues allowable on payment basis

##### b) Deferred Tax Liability

- On account of depreciation

Deferred Tax Liability (net)

|          |          |
|----------|----------|
|          |          |
| 522.26   | 417.91   |
| 1,131.06 | 876.02   |
| 1,653.32 | 1,293.93 |
|          |          |
| 9,600.03 | 9,540.64 |
| 7,946.71 | 8,246.71 |

#### XI. Earnings Per Share

##### i) Profit after tax as per the Profit and Loss

Account - (Rs. in lacs) [a]

##### Basic

##### ii) Weighted average number of equity shares of Rs. 2/- each outstanding during the year [b]

##### Dilution

##### iii) Effect of Potential ordinary shares on employees stock options outstanding

##### iv) Weighted average number of equity shares of Rs. 2/- each outstanding during the year [c]

##### Earnings Per Share

v) Basic - [a]/[b] - (Rs.)

vi) Diluted - [a]/[c] - (Rs.)

|             |             |
|-------------|-------------|
| 55,950.63   | 21,009.66   |
| 139,896,948 | 139,896,948 |
|             |             |
| 257,191     | 510,074     |
| 140,154,139 | 140,407,022 |
|             |             |
| 39.99       | 15.02       |
| 39.92       | 14.96       |

## ...SCHEDULES CONSOLIDATED ACCOUNTS

### Schedule 17 (Contd...)

#### XII Segment Reporting

##### (A) Business Segment

The Company has considered business segment as the primary segment for disclosure. The Company, its joint venture and two of its subsidiary companies are primarily engaged in the farm inputs business, which in the context of Accounting Standard 17, is considered the only business segment. In respect of investment activity of one of its other subsidiary company and the retail business of the Company, since these are not material, disclosure of business segment information is not considered necessary at this stage.

##### (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.

#### XIII. Related Party Disclosures

Information relating to Related Party Transactions as per Accounting Standard 18 notified under Section 211 (3C) of the Act.

##### (A) Names of the Related Parties and their relationship:

| Name of the Related Party                            | Relationship              |
|--|---------------------------|
| E.I.D. Parry (India) Limited                         | Holding Company           |
| Parry Investments Limited                            | Fellow Subsidiary Company |
| Parry Infrastructure Company Private Limited (PICPL) | Fellow Subsidiary Company |
| Mr. V. Ravichandran, Managing Director               | Key Management Personnel  |

##### (B) Transactions during the year

- i) Sale of finished goods/raw materials/services (net of discounts)  
Holding Company
- ii) Rent received  
Fellow Subsidiary Company - (PICPL)
- iii) Expenses reimbursed by  
Holding Company
- iv) Purchase of finished goods and services  
Holding Company
- v) Expenses reimbursed to  
Holding Company
- vi) Purchase of Fixed Assets  
Holding Company
- vii) Dividend Paid  
Holding Company

Rupees in Lakhs

| 2008-2009 | 2007-2008 |
|-----------|-----------|
| 16.86     | 21.74     |
| 175.00    | 175.00    |
| 3.58      | 2.09      |
| 0.08      | 3.79      |
| 330.86    | 268.72    |
| —         | 7.00      |
| 8,333.31  | 1,754.38  |



## ...SCHEDULES CONSOLIDATED ACCOUNTS

### Schedule 17 (Contd.....)

Rupees in Lakhs

#### (B) Transactions during the year (Contd...)

|  | 2008-2009 | 2007-2008 |
|--|-----------|-----------|
| viii) Deposit received<br>Fellow subsidiary Co - PICPL | –         | 3,000.00  |
| ix) Outstanding balances as at the year end:           |           |           |
| a) Debtors/Receivables<br>- Holding Company            | –         | 0.16      |
| b) Creditors/Payables<br>- Holding Company             | 101.16    | 35.84     |
| - Fellow Subsidiary - PICPL                            | 3,000.00  | 3,000.00  |

**Notes:** Details of remuneration to Directors are disclosed in note VI above.

XIV. Sundry Creditors include deferred income of Rs. 23,617.00 lacs (2008: Nil).

#### XV. 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 recognized in the Balance Sheet and Profit and Loss Account:

Rs. in Lakhs

| Particulars   | Gratuity Plan |           | Superannuation and other Pension Plans |           |
|---|---------------|-----------|--|-----------|
|   | 2008-2009     | 2007-2008 | 2008-2009                              | 2007-2008 |
| <b>Projected benefit obligation at the beginning of the period</b>  | 649.70        | 590.12    | 151.01                                 | 589.04    |
| Current service cost  | 40.10         | 57.73     | 4.50                                   | 31.11     |
| Interest cost   | 42.61         | 38.21     | 11.33                                  | 40.46     |
| Actuarial loss/(gain)   | 62.64         | 52.30     | (20.60)                                | (73.48)   |
| Benefits paid   | (82.00)       | (88.66)   | –                                      | (22.15)   |
| <b>Projected benefit obligation at the end of the period</b>        | 713.05        | 649.70    | 146.24                                 | 564.98    |
| <b>Amounts recognised in the balance sheet</b>                      |               |           |  |           |
| Projected benefit obligation at the end of the period               | 713.05        | 649.70    | 146.24                                 | 564.98    |
| Fair value of plan assets at end of the period                      | 714.64        | 672.82    | –                                      | 266.99    |
| <b>Funded status of the plans - (asset)/ liability</b>              | (1.59)        | (23.12)   | 146.24                                 | 297.99    |
| <b>Liability recognized in the balance sheet</b>                    | –             | –         | –                                      | 297.99    |
| <b>Cost for the period</b>  |               |           |  |           |
| Current service cost  | 40.10         | 57.73     | 4.50                                   | 31.11     |
| Interest cost   | 42.61         | 38.21     | 11.33                                  | 40.46     |
| Expected return on plan assets                                      | (48.56)       | (45.04)   | –                                      | (16.10)   |
| Net actuarial (gain)/loss recognised in the period                  | 55.92         | 0.20      | (20.60)                                | (131.87)  |
| Past service cost   | –             | –         | –                                      | –         |
| <b>Net Cost recognized in Profit and Loss Account</b>               | 90.07         | 51.10     | (4.77)                                 | (76.40)   |
| <b>Nature and extent of investment details of the plan assets *</b> |               |           |  |           |
| State and Central Securities  | 26.46%        | 36.00%    | –                                      | 17.80%    |
| Bonds   | 36.49%        | 26.00%    | –                                      | –         |
| Special Deposits  | 37.06%        | 38.00%    | –                                      | 82.20%    |
| <b>Actual Return on Plan Assets*</b>                                | 55.28         | 97.15     | –                                      | 74.45     |
| <b>Assumptions</b>  |               |           |  |           |
| Discount rate   | 7.00%         | 7.00%     | 7.00%                                  | 7.00%     |
| Estimated rate of return on plan assets                             | 7.00%         | 7.00%     | 7.00%                                  | 7.00%     |
| Expected rate of salary increases                                   | 3.50%         | 3.50%     | 3.50%                                  | 3.50%     |

\*include details of trusts other than those covered under a scheme of Life Insurance Corporation of India.

## ...SCHEDULES CONSOLIDATED ACCOUNTS

### Schedule 17 (Contd...)

#### Notes:

- a) The above table does not include information in respect of gratuity plans covered under schemes administered by Life Insurance Corporation of India.
- b) During the year, the company has converted a Superannuation Pension Plan of certain employees from a defined benefit to a defined contribution scheme with LIC, by making a one time payment amounting to Rs. 800.00 lacs towards settlement of the accumulated obligation under the earlier scheme.

#### b. Defined contribution plans

In respect of the defined contribution plans, an amount of Rs.719.90 lacs (2008: Rs. 446.57 lacs) has been recognised in the Profit and Loss Account during the year.

**XVI.** The Government of India grants price concession on sale of fertilisers and income from such concession is shown under 'Government Subsidies' in the Profit and Loss Account. The subsidy income for the year includes Rs.8,597.38 lacs, net of deferred income, being income accrued/ recognized based on management's understanding of the subsidy scheme for the period for which notification has been issued and based on the management's estimates for the remaining period. Necessary adjustment to such estimates will be made on announcement of final notification/determination.

**XVII.** In view of the steep reduction in the prices of certain raw materials and finished goods, related inventories have been valued at their net realisable values (NRV) being lower than cost, in accordance with Accounting Standard 2 on Valuation of Inventories notified under section 211(3C) of the Companies Act, 1956, based on management's best estimates of future NRV's.

#### XVIII. Other Matters

- a) Based on the information available with the Company, there are no dues/interest outstanding to Small and Micro enterprises as at March 31, 2009.
- b) Sales are net of discounts, other than usual trade discounts, Rs. 4,406.74 lacs (2008: Rs. 3,742.46 lacs).
- c) The net difference in foreign exchange (i.e., difference between the spot rate on the dates of the transactions and the actual rate at which the transactions are settled / appropriate rates applicable at the year end) debited to the respective heads of account in the Profit and Loss Account is Rs.36,924.04 lacs (2008: Rs.3,880.60 lacs credit).
- d) Exchange difference in respect of forward exchange contracts to be recognised in the Profit and Loss Account in the subsequent accounting period is Rs. 285.23 lacs Debit (2008: Rs. 81.76 lacs Debit). CML has an open interest rate swap contract as at March 31, 2009 which has been Marked to Market and the resultant loss of Rs.356.28 lacs has been recognised in the Profit and Loss Account.
- e) Research and Development expenses included under schedule 15 - Rs.197.66 lacs (2008: Rs.131.86 lacs).
- f) Land - Lease deed in respect of land admeasuring 9.80 acres taken on lease from Visakhapatnam Port trust by the erstwhile GFCL, is pending execution.
- g) The Government of India, Ministry of Chemicals and Fertilisers, has issued 'Government of India Special Bonds' towards the subsidy receivable. These bonds classified under investments in the previous year have been reclassified as 'Other Current Assets' (Schedule 10) as the management is of the opinion that this would reflect the true intent of its nature.
- h) The Ordinary shares of Tunisian Indian Fertilisers S.A., Tunisia (TIFERT) held by the company and included under Investments (schedule 6) have been pledged to secure the obligations of TIFERT to their lenders.
- i) During the year, the Company has accounted for Rs. 15,859.41 lacs received from Foskor (Pty) Limited, South Africa (Foskor) towards services rendered as per the terms of the Business Assistance Agreement entered into with Foskor in 2005.
- j) During the year, the Company has made a donation of Rs. 50.00 lacs to Andhra Pradesh Congress Committee.
- k) Provisions - Others represents provisions made by the management towards certain disputed tax matters. The following are the details of such provision:

(Rs. in Lakhs)

| Opening Balance | Provided during the year | Reversed/Utilized during the year | Closing balance |
|-----------------|--------------------------|-----------------------------------|-----------------|
| 1,125.38        | 872.15                   | -                                 | 1,997.53        |

- l) The proportionate share of Assets, Liabilities, Income and Expenditure of Coromandel Getax Phosphates Pte Ltd, a joint Venture are given below

|                                  | <b>Year ended<br/>March 31, 2009</b> | Year ended<br>March 31, 2008 |
|----------------------------------|--------------------------------------|------------------------------|
| Country of Incorporation         | Singapore                            | NA                           |
| Percentage of Ownership interest | 50%                                  | NA                           |
| <b>Assets</b>                    |                                      |                              |
| Current Assets                   | 243.51                               | NA                           |
| <b>Liabilities</b>               |                                      |                              |
| Current Liabilities              | 44.25                                | NA                           |
| Income                           | –                                    | NA                           |
| <b>Expenditure</b>               |                                      |                              |
| Manufacturing and Other expenses | 49.33                                | NA                           |
| Contingent Liabilities           | –                                    | NA                           |
| Capital Commitments              | –                                    | NA                           |

**XIX.** Previous year's figures have been regrouped/ reclassified wherever necessary to conform to the classification adopted for the current year.

**XX.** Previous year's figures have been regrouped wherever necessary to conform to the classification adopted for the current year.

**Statement pursuant to exemption received under Section 212(8) of the Companies Act, 1956 relating to Subsidiary Companies**

|  | <b>Parry Chemicals Limited<br/>Year ended March 31, 2009<br/>Rupees (Lakhs)</b> | <b>CFL Mauritius Limited<br/>Year ended December 31, 2008<br/>Rupees (Lakhs)</b> |
|--|---|--|
| <b>Share capital</b>                       | 50.00   | 8733.11  |
| <b>Reserves</b>                            | 114.00  | (552.76)   |
| Loan funds                                 | 16.14   | 4771.87  |
| Current liabilities and provisions         | 298.71  | 477.37   |
| <b>Total liabilities</b>                   | 478.85  | 13429.59   |
| Fixed Assets                               | 476.01  | 0.00   |
| <b>Investments</b>                         | 0.00  | 13274.23   |
| Current assets                             | 2.84  | 155.36   |
| <b>Total Assets</b>                        | 478.85  | 13429.59   |
| <b>Turnover</b>                            | 44.47   | 0.03   |
| PBT  | 8.22  | -181.89  |
| <b>Taxation</b>                            | 3.00  | 0.00   |
| PAT  | 5.22  | -181.89  |
| <b>Proposed dividend</b>                   | –   | –  |
| <b>Details of investment (Unquoted)</b>    |   |  |
| <b>Foskor (Pty) Limited</b>                |   |  |
| South African Rand 1 each fully paid (Nos) |   | 1082480  |
| <b>Coromandel Brasil Ltda</b>              |   |  |
| Brazilian Real 100 each fully paid (Nos)   |   | 50   |

Total liabilities include loan funds and current liabilities

Total assets include fixed assets, current assets

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

[As per Schedule VI, Part (iv) of the Companies Act, 1956]

### I REGISTRATION DETAILS

Registration No.

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 0 | 1 | - | 0 | 0 | 8 | 9 | 2 |
|---|---|---|---|---|---|---|---|

State Code

|  |  |  |  |  |  |   |   |
|--|--|--|--|--|--|---|---|
|  |  |  |  |  |  | 0 | 1 |
|--|--|--|--|--|--|---|---|

Balance Sheet Date

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 3 | 1 | - | 0 | 3 | - | 0 | 9 |
|---|---|---|---|---|---|---|---|

### II CAPITAL RAISED DURING THE YEAR

(AMOUNT IN Rs. THOUSANDS)

Public Issue

|  |  |  |   |   |   |  |  |
|--|--|--|---|---|---|--|--|
|  |  |  | N | I | L |  |  |
|--|--|--|---|---|---|--|--|

Right Issue

|  |  |  |   |   |   |  |  |
|--|--|--|---|---|---|--|--|
|  |  |  | N | I | L |  |  |
|--|--|--|---|---|---|--|--|

Bonus Issue

|  |  |  |   |   |   |  |  |
|--|--|--|---|---|---|--|--|
|  |  |  | N | I | L |  |  |
|--|--|--|---|---|---|--|--|

Private Placement

|  |  |  |   |   |   |  |  |
|--|--|--|---|---|---|--|--|
|  |  |  | N | I | L |  |  |
|--|--|--|---|---|---|--|--|

### III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

(AMOUNT IN Rs. THOUSANDS)

Total Liabilities

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 4 | 6 | 8 | 1 | 5 | 3 | 2 | 6 |
|---|---|---|---|---|---|---|---|

Total Assets

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 4 | 6 | 8 | 1 | 5 | 3 | 2 | 6 |
|---|---|---|---|---|---|---|---|

SOURCES OF FUNDS

Paid-up Capital

|  |  |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|
|  |  | 2 | 7 | 9 | 7 | 9 | 4 |
|--|--|---|---|---|---|---|---|

Reserves and Surplus

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 1 | 0 | 9 | 9 | 1 | 6 | 1 | 1 |
|---|---|---|---|---|---|---|---|

Secured Loans

|  |   |   |   |   |   |   |   |
|--|---|---|---|---|---|---|---|
|  | 2 | 9 | 7 | 0 | 5 | 2 | 8 |
|--|---|---|---|---|---|---|---|

Unsecured Loans

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 1 | 4 | 2 | 2 | 8 | 4 | 7 | 1 |
|---|---|---|---|---|---|---|---|

Deferred Tax Liability

|  |  |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|
|  |  | 7 | 9 | 4 | 6 | 7 | 1 |
|--|--|---|---|---|---|---|---|

APPLICATION OF FUNDS

Net Fixed Assets

|  |   |   |   |   |   |   |   |
|--|---|---|---|---|---|---|---|
|  | 7 | 9 | 1 | 8 | 3 | 6 | 0 |
|--|---|---|---|---|---|---|---|

Investments

|  |   |   |   |   |   |   |   |
|--|---|---|---|---|---|---|---|
|  | 1 | 6 | 3 | 3 | 1 | 0 | 4 |
|--|---|---|---|---|---|---|---|

Net Current Assets

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 1 | 9 | 7 | 1 | 3 | 6 | 1 | 1 |
|---|---|---|---|---|---|---|---|

Miscellaneous Expenditure

|  |  |  |   |   |   |  |  |
|--|--|--|---|---|---|--|--|
|  |  |  | N | I | L |  |  |
|--|--|--|---|---|---|--|--|

Accumulated Losses

|  |  |  |   |   |   |  |  |
|--|--|--|---|---|---|--|--|
|  |  |  | N | I | L |  |  |
|--|--|--|---|---|---|--|--|

### IV PERFORMANCE OF COMPANY

(AMOUNT IN Rs. THOUSANDS)

Turnover

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 9 | 6 | 6 | 7 | 8 | 0 | 5 | 4 |
|---|---|---|---|---|---|---|---|

Total Expenditure

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 8 | 8 | 5 | 9 | 6 | 2 | 7 | 4 |
|---|---|---|---|---|---|---|---|

Profit Before Tax

|  |   |   |   |   |   |   |   |
|--|---|---|---|---|---|---|---|
|  | 8 | 0 | 8 | 1 | 7 | 8 | 0 |
|--|---|---|---|---|---|---|---|

Profit After Tax

|  |   |   |   |   |   |   |   |
|--|---|---|---|---|---|---|---|
|  | 4 | 9 | 6 | 3 | 7 | 8 | 0 |
|--|---|---|---|---|---|---|---|

Earnings per share (Rs.) - Diluted

|  |  |  |   |   |   |   |   |
|--|--|--|---|---|---|---|---|
|  |  |  | 3 | 5 | . | 4 | 2 |
|--|--|--|---|---|---|---|---|

Dividend Rate (%)

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | 5 | 0 | 0 |
|--|--|--|--|--|---|---|---|

### V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY

(as per monetary terms)

Item Code No. (ITC Code)

Product Description

|   |   |   |   |   |   |   |   |   |  |                       |   |    |   |    |   |   |
|---|---|---|---|---|---|---|---|---|--|-----------------------|---|----|---|----|---|---|
| 3 | 1 | 0 | 5 | 3 | 0 | . | 0 | 0 |  | Di-Ammonium Phosphate | - | 18 | : | 46 | : | 0 |
| 3 | 1 | 0 | 5 | 4 | 0 | . | 0 | 0 |  | Complex Fertilisers   | - | 28 | : | 28 | : | 0 |
| 3 | 1 | 0 | 5 | 4 | 0 | . | 0 | 0 |  | Complex Fertilisers   | - | 20 | : | 20 | : | 0 |





Mr IRG Raju, General Manager-Mfg., Kakinada Plant, receiving the Certificate of Merit in the Fertiliser sector - National Energy Conservation Awards - 2008 from Union Minister of Power, Sri Sushil Kumar Shinde



Enriching Rural Lives - Life Style products at display at Mana Gromor Centres



A view of the Dry Gypsum disposal system at Visak Plant



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