murugappa

Coromandel

ANNUAL REPORT 2011-12

Coromandel International Limited

Introduction

50 years ago, Coromandel was set up with the twin purpose of revolutionising Indian agriculture by augmenting India's food production and prospering the farming community. Looking back over five decades of timeless contribution, Coromandel is proud of its achievements in both these areas. The Company has grown from strength to strength to become the trusted partner of the farming community. It has been a challenging and exciting journey that has enriched the lives of millions of farmers across the Nation.

As we look towards the next 50 years, we see new challenges. With increasing population, diminishing agricultural land and depleting soil health, the need to constantly develop new techniques and technologies is rising. Coromandel will continue as always, to engage these issues with energy, vitality and positivity to create a green and sustainable future for India.

Mr. M V Subbiah (Left), Former Chairman, Murugappa Group and Chief Guest at the Golden Jubliee celebrations, releasing the Coffee Table book and presenting the first copy to Mr. M K Tandon, Director, Coromandel.

Mr. M M Murugappan, Vice Chairman, Murugappa Group lighting the lamp at the Golden Jubilee celebrations. Also seen (Left to Right) Mr. M V Subbiah, Former Chairman, Murugappa Group and Chief Guest of the function, Mr. M A Alagappan, Former Chairman, Murugappa Group (Behind Mr. M M Murugappan), Mr. A Vellayan, Chairman, Murugappa Group and Chairman, Coromandel, Mr. V Ravichandran, Vice Chairman, Coromandel and Mr. Kapil Mehan, Managing Director, Coromandel.

Contents

50 Golden Years

Fifty years is an achievement by any standards but when one looks at what has been achieved in this period, it is very hard not to have a sense of pride.

1961

Coromandel incorporated as a private limited company

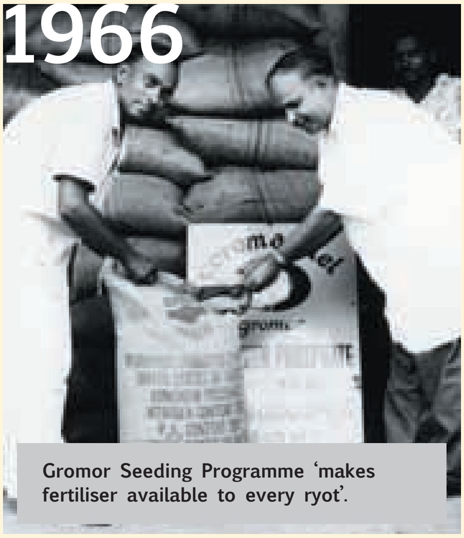
1964

Visakhapatnam Plant Site.

1967

Shri. Morarji Desai, then Deputy Prime Minster of India, inaugurated Coromandel's Fertiliser Plant.

1966



Gromor Seeding Programme 'makes fertiliser available to every ryot'.

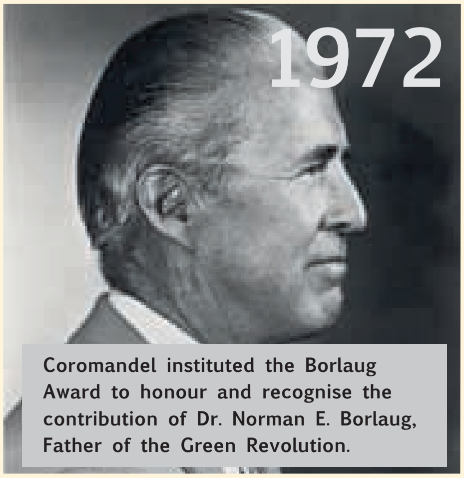
1968

Began production and marketing of India's first complex fertiliser 28:28:0.

1970

Launched the 'Gromor' farmer mascot.

1972



Coromandel instituted the Borlaug Award to honour and recognise the contribution of Dr. Norman E. Borlaug, Father of the Green Revolution.

1984

Murugappa Group acquires majority stake in E.I.D. Parry and Mr. M V Arunachalam appointed Director on Coromandel's Board.

1994

Murugappa Group buys out Chevron's stake in Coromandel.

1998

Murugappa Group acquires IMC's stake and takes control of Coromandel.

1999

5 km Ammonia pipeline commissioned at Visakhapatnam Plant.

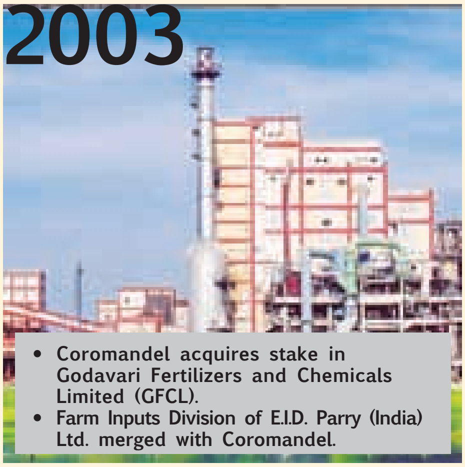
2000

India's first screw type unloader commissioned to reduce dust emission during unloading.

2001

Third complex fertiliser granulation train at Visakhapatnam inaugurated taking the capacity to 6 lakh MT per annum.

2003



- Coromandel acquires stake in Godavari Fertilizers and Chemicals Limited (GFCL).
- Farm Inputs Division of E.I.D. Parry (India) Ltd. merged with Coromandel.

2004

Entered into a Business Assistance Agreement with Foskor, South Africa.

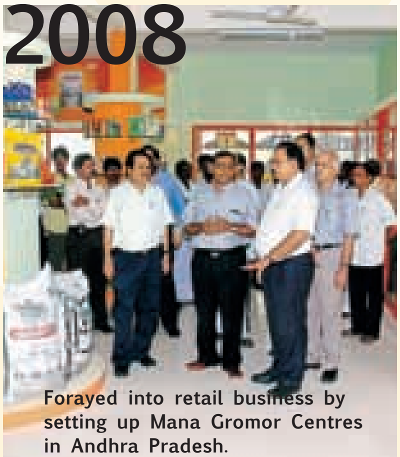
2006

Entered into a JV with GCT, Tunisia.

2007

Acquired Ficom Organics. Set up a formulations unit at Jammu.

2008



Forayed into retail business by setting up Mana Gromor Centres in Andhra Pradesh.

2009

Coromandel Fertilisers rechristened as Coromandel International with a new brand identity.

Coromandel

Entered into a JV with SQM, Chile for manufacture of Water Soluble Fertilisers.

2011

Coromandel's Golden Jubilee year.

Acquired majority stake in Sabero Organics Gujarat Limited to become a formidable player in the Crop Protection business.

Enriching for 50 years

What began as a solution to India's problems of self sufficiency soon after independence, grew from strength to strength to partner and power the Nation's growth. From the very beginning, Coromandel had a clear purpose, always looking to the future, pre-empting changes before they happen. Coromandel's infectious energy, vitality and positivity has crossed boundaries to transform the way people work, play and live. The Company's acquisitions and partnerships with global players have further helped to provide farmers with the latest in agricultural technology and techniques, towards facilitating a greener tomorrow.

As Coromandel crosses the 50 year milestone, we stand steadfast in our resolve to make India a model of sustainable development, where nature and industry co-exist for the greater good of economies and livelihoods. It is this responsibility and trust we have nurtured over the years that has transformed Coromandel into a global player.

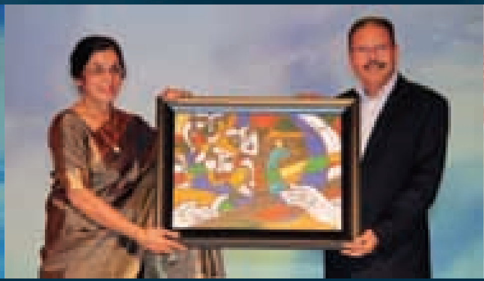
In the last 50 years Coromandel has evolved into a strong agri player serving the Indian farming community and has:

- maintained strong operational focus and higher efficiencies
- grown from a single plant local player to a multi-locational global player
- achieved manifold growth in turnover from ₹1.07 crore (1963-64) to ₹9940 crore (2011-12)
- grown in market capitalisation from ₹4.8 crore (1963-64) to ₹8015 crore (2011-12)
- maintained highest level of corporate governance & business ethics
- sustained high reputation with all stakeholders
- maintained high credit ratings with banks and financial institutions.

Honouring our valuable associations at the Golden Jubilee Celebrations

Key Partners

Mr. M M Murugappan, Vice Chairman, Murugappa Group (Left) honouring Foskor Pty. Ltd., South Africa representatives – Ms. Sarah Luthuli, Vice President - Human Capital & Mr. Percy Mosweu, Vice President – Strategy & New Business.



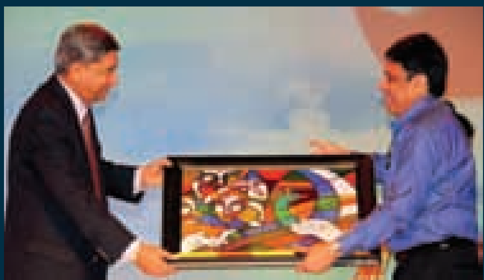
Mrs. Ranjana Kumar, Director, honouring Groupe Chimique Tunisien, Tunisia representative Mr. Abdelhafidh Abdelhamidh, Director General Adjoint Technique.

Dr. B V R Mohan Reddy, Director, (Left) honouring SQM, China representative Mr. Olaf Rietveld, Sales Director.

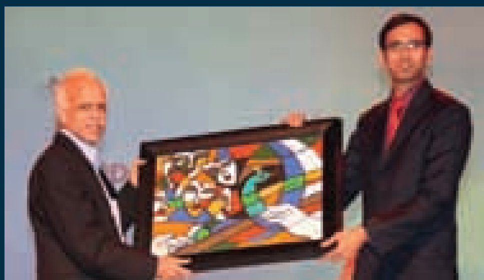
Mr. M M Venkatachalam, Director (Left), honouring QAFCO, Qatar representative Mr. Khalifa Al Sowaidi, CEO.

Mr. K Balasubramanian, Director (Left), honouring Mitsui, Japan representative Mr. Toshiyuki Kubota, Sr. Business Coordinator.

Mr. M K Tandon, Director (Left), honouring Canpotex, Singapore representative Mr. David Rogiani, Senior Vice President-Marketing South Asia, Oceania & Europe.



Mr. R A Savoor, Director (Left), honouring ICL India representative Mr. K M Nathani, CEO.



Mr. V Ravichandran (Left), Vice Chairman, Coromandel, honouring Shell Bangalore representative Mr. Apoorv Bhatnagar.

Mr. M V Subbiah, Chief Guest, honouring the oldest farmers, dealers, shareholders & first employees of Coromandel.

Oldest Farmers

Shri. Mekala Lakshminarayana from Ravela village, Guntur district successfully using Gromor, products since inception.

Shri. Akuleti Tati Reddy Garu from Marthadu village, Anantapur district another loyal customer since the inception of Gromor.

Shri. K Venkata Rao from Chebrolu village of West Godavari district has been using the Gromor product range for over 40 years.

Oldest Dealers

Shri. Uppala Ramurthy, Managing Partner, M/s. Vuppala Ramurthy Fertilizers Pesticides & General Merchants, Suryapet, dealer for Gromor products since 1965.

Shri. E Bhima Sankara Rao, Managing Partner, M/s. Srinivasa Fertilizers & General Goods, Tadepalligudem, took a keen interest in establishing Gromor 20:20:0 and 14:35:14 in the paddy segment of coastal A.P. through his wide retail network.

Yet another dealer since 1965, Shri. Y D Guptha, Managing Partner, M/s. Y D Guptha & Co. responsible for establishing the Gromor brand in Mahaboobnagar district.

Oldest Shareholders

Mrs. Mrudhula Bhadrubhai V Amin holds shares in Coromandel since the mid 1960s.
Her son Mr. Shailesh B Amin accepted the memento on her behalf.

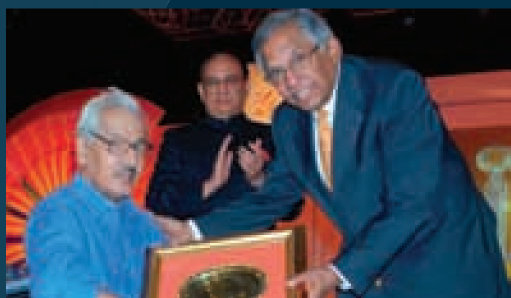
Mr. Devulapalli Sanyasi Prasad is a shareholder since the inception of the company.

Some of the first employees of Coromandel

First Indian employee, Mr. Horace D'Souza joined Coromandel in 1963 and retired in 1986.

Mr. Julius Braganza, Coromandel's first Gromor Centre store in-charge joined the Company in 1964 and retired in 1983.

First Indian Managing Director, Mr. R V K M Suryarau was instrumental in building and nurturing Coromandel in the initial years. He joined the Company in 1965 and resigned after 24 years of distinguished service.



Mr. S Kumarasamy joined the Company in 1965 and retired in 2001. He was the longest serving Company Secretary.

Chairman's Message

Dear Members,

In this momentous year as Coromandel celebrates its Golden Jubilee, it is my privilege and honour to be a part of this great Company, built over five decades by the dedication, commitment and perseverance of the men and women associated with the Company since its inception.

Coromandel was started with a 'promise' to play a key role in the green revolution of the country enhancing India's food security by making high quality farm inputs available to the Indian farmers. Today, we have a sense of fulfillment of having helped the farming community in achieving higher yields and profits.

The journey has been long and the milestones many, as Coromandel grew from strength to strength spreading across geographies with a presence both in India and abroad. Today, Coromandel has emerged as the second largest player in the phosphatic fertiliser segment in India. Scaling up from being India's first phosphatic fertiliser manufacturer to an integrated farm solutions provider, with successful businesses in Fertilisers, Crop Protection, Speciality Nutrients, Organic Fertilisers and Rural Retail. Coromandel's focus was always on getting closer to the farmer with the intent to serve the farming community better, and the Company continues to do so.

In this Golden Jubilee year, I remember with great appreciation the contribution of our promoters, customers, dealers, partners, suppliers, and the scientific community who partnered with us for mutual growth. Our experiences have helped us to learn from each other, build strong bonds and relationships which have weathered the storms of global downturns and meltdowns and ensured that all of us came out as winners.

Coromandel's shareholders have been more than supportive over these five decades, standing firmly behind the management's decisions in aggressively growing this Company.

I also remember all the employees both past and present who have persevered and contributed to building this Company over fifty successful years, especially those great men and women who set the strong foundation of Coromandel in terms of mission, vision, values, beliefs and culture. A foundation that has held the Company in good stead over time, making it a great Company to work for.

Looking back over the last year, the Company has continued its good performance in a year fraught with global and economic challenges, a testament to what Coromandel has always stood for over the last five decades.

The year 2011–12 saw an economy buffeted by a number of global and domestic challenges that impacted the growth rate. This was mainly due to the financial crisis in Europe, sluggish growth in industrialised nations like USA and Japan, and the hardening prices of crude oil. Investments slowed down due to changes made in the monetary policy to combat inflation. Despite the lower growth rate, India continues to be among the front runners in the global arena.

As we step into the future, we in Coromandel believe that population growth and greater economic prosperity in emerging markets will drive the future demand for food. As demand for food increases, there is an increased need for crop nutrients which provides an area of opportunity for the Company. However, there are associated challenges such as limited land holdings, shortage of labour, changing life style and food consumption patterns in emerging countries, which also need to be addressed.

Nutrient Based Subsidy (NBS) announced by the Government of India for phosphatic fertilisers in April 2010, is one of the most important reforms introduced in the fertiliser sector in the last thirty years. This reform is not only helping the Indian Government to save subsidy but is also helpful in ensuring judicious use of fertilisers by the farmers. India does not have the natural resources to manufacture P and K fertilisers and hence it is very important that the Government puts in place a suitable mechanism to fund acquisition of natural resources of P and K. Further, the Government also needs to leverage its trade relations with resource rich countries to secure long term supplies of P and K fertilisers to address the food security concerns of India.

While the Government has rightly addressed the NBS philosophy through subsidy reduction and freeing of MRPs in the P and K segment, it is unfortunate that no progress has been made in the 'N' (urea) segment. This has led to distortion, where DAP and complex prices per tonne are five times that of urea. The subsidy on urea has been untouched and kept unusually high. Unless there is an increase in MRP of urea combined with the reduction in subsidy, the current gap will lead to indiscriminate use of urea by the farmers and will seriously affect yields and productivity at the farm level. We sincerely hope that the urea subsidy scheme also moves to the Nutrient Based Subsidy. This will bring in a uniform subsidy regime for all fertilisers to ensure that there is a balanced use of all major nutrients. The current policy of differential subsidy for urea may lead to imbalanced use of fertilisers. Coromandel believes that enhancing soil productivity through efficient/judicious use of crop inputs and balanced use of nutrients is the only way to meet the challenge of the ever growing demand from the increasing population.

With your support, we at Coromandel race forward with *Energy, Vitality* & *Positivity* to *Maximise* value for all our stakeholders, while continuing to *Enrich* millions of lives in building a positive and vibrant future.

A. Vellayan
Chairman

Managing Director's Message

Dear Members,

50 years of meaningful and significant existence is an important milestone for any Company. Achieving this on an aggressive growth trajectory is indeed a great accomplishment. I salute all the stakeholders who have journeyed with Coromandel over these five decades to make this Company a leading agri-input player.

Sustaining the legacy of the last 50 years is not only a formidable task but indeed a responsibility that we owe to all our stakeholders. As we step into the next 50 years, we endeavour to take this great organisation to newer heights.

The year gone by was a challenging one with global economic slow down, volatility in raw material prices and forex rates adversely impacting the fertiliser industry. Increase in input raw material prices and rupee depreciation led to correction in farm gate prices for phosphatic fertilisers. Coupled with this, erratic rainfall impacted consumption of fertilisers in the Rabi season as farmers preferred urea and low grade phosphatic fertilisers. In spite of these adverse market conditions, your Company fared well and recorded a good performance and achieved record sales volume mainly due to operational agility and timely procurement of raw materials.

During the year the Company faced shortage of a key raw material - phosphoric acid, impacting production, and had to resort to import of phosphatic fertilisers to maintain supplies to the farming community. The Company is on course to commission the "C" train project at Kakinada for enhancing fertiliser capacity which will help in augmenting domestic supplies.

The Speciality Nutrients business is geared to expand in all segments. The new Water Soluble Fertiliser (WSF) plant at Kakinada, set up as a joint venture with SQM, Chile, was commissioned in 2011-12. This will enable the Company to scale up volumes of WSF and also to introduce new products in specific markets. The initiative started by the Company for soil health correction by providing organic carbon content has gathered momentum and, during the year, the Company has registered a 33% growth in sales of Organic Fertilisers (Municipal Compost and Press Mud). The way forward is to introduce a mix of organic and chemical fertilisers which would not only enhance soil health but also provide economic comfort to the farmers.

The Rural Retail business has consolidated its position in Andhra Pradesh and is poised to expand its reach in Karnataka and foray into Maharashtra. These retail centres have been well accepted and continue to provide quality agri-inputs and field extension services including farm mechanisation.

The year gone by was an eventful one with the acquisition of Sabero Organics Gujarat Limited. This has widened our portfolio of products in Crop Protection chemicals and expanded our horizons for growth. With a wide range of captive technical grade pesticides and increased access to international markets, your Company is on the fast track in the Crop Protection business.

As we enter the next phase of Coromandel's growth, I would like to reiterate our commitment to furthering the cause of enriching the farming community. Coromandel will continue to engage with issues that challenge the agricultural sector and also play a key role in enhancing food security and improving farm incomes.

I am confident, with your support and the expertise the Company has gained over the past five decades, we would steer this great Company with continued success into the future.

Kapil Mehan
Managing Director

Enhance farm productivity through balanced nutrition

In its Golden Jubilee year, Coromandel reaffirms its mission to enhance farmer prosperity through supply of quality farm inputs and related services.

Fertilisers

Formulating a new solution for sustainable growth

Coromandel strives to provide comprehensive nutrient solutions to enhance India's agricultural output. Over the past 50 years, the Company has been playing a pivotal role in securing the Nation's food requirements by providing quality agri-inputs to the Indian farmer.

India's grain output needs to cross 280 Million MT by the year 2020 in order to meet the food requirements of its growing population. With limited arable land, increasing crop productivity is the only solution to address the ever increasing demand. The need to provide crop specific, location specific and site specific grades of fertiliser is of paramount importance. The fertiliser business strategy of Coromandel is oriented towards achieving this objective. With a strong sourcing strategy and an effective distribution network through a national foot print, Coromandel has emerged as the most versatile agri-nutrition provider.

In the current environment where both raw material prices and the rupee exchange rate have moved adversely, Coromandel has embarked upon a mission to contain costs by improving operational efficiencies and by producing value added products that help the farmers in improving yield and quality.

The Company has been investing continuously in meeting its obligations towards protecting the environment. Towards this step, during the year a new Effluent Treatment Plant (ETP) has been commissioned at Visakhapatnam plant. The Company will continue to undertake investments in further improving the safety culture at its Plants.

The additional granulation train (C train) under construction in our Kakinada plant is expected to be commissioned in the second half of the financial year 2012-13, taking the Company's production capacity close to 4 MMTPA.


Ennore Plant

Crop Protection

Improving crop yields through loss reduction

Pests and diseases account for about 30% of crop losses in India. The Indian Crop Protection industry plays a significant role in minimising these losses. To meet the challenges of growing food requirements and changing food consumption patterns, the need to increase yields through loss reduction has become paramount.

Over the last one and a half decades, the Crop Protection business of Coromandel has supported the Indian farmers' efforts with education and solutions through its diversified product portfolio.

As part of its long term vision, the Company in the year 2011-12, acquired Sabero Organics Gujarat Limited. This acquisition catapulted Coromandel into the top 5 branded formulation players in India. The acquisition has also helped the Company expand its product range to 15 technical products and has given Coromandel a larger international presence, especially in Latin America.

Ankleshwar Plant

Speciality Nutrients and Organic Fertilisers

Breathing new life into soil

It is important to educate the farmers on the need to maintain soil health by using a judicious mix of Organic and Chemical Fertilisers to ensure good yields.

Coromandel ventured into the Organic Fertilisers business and is present in both the Municipal Solid Waste Compost and Press Mud segments. During the financial year, the Company has successfully launched new variants like KASH, PhosGold and N-Rich.

Organic fertiliser being a more environmental friendly option, strengthens our commitment to grow responsibly.

Coromandel continues to be the market leader in Bentonite Sulphur with 14% growth over the last year. The new Water Soluble Fertiliser (WSF) plant, set up as a joint venture with SQM, Chile, commenced its operations in March 2012. This venture will help Coromandel increase its market share through higher volumes and new product offerings.

New WSF Plant of Coromandel SQM Joint Venture


Gold
Gold

Retail

Growing in the heart of every farmer

Coromandel started its Retail business to reach out to the Indian farmer with a wide range of quality products and services. Today, with internet still out of reach for many Indian villages, Coromandel is bridging the knowledge gap of farmers with its 641 retail outlets in Andhra Pradesh and Karnataka.

These retail outlets provide the farming community with technical advice on how to improve land productivity through the right use of farm inputs. Regular meetings and training sessions are organised for farmers on combating pests/diseases and improving soil health through balanced nutrition. Touch screen kiosks and toll free numbers (Hello Gromor) help farmers to find solutions in their regional language for crop related problems.

The retail outlets also provide farmers with high quality seeds, plant nutrients, plant protection chemicals and farm mechanisation services.

Through these initiatives, Coromandel aims to be a partner and a friend to farmers, earning their trust and helping them play an important role in the growth of the Nation. Today, Coromandel's Retail business is one of the largest agri-input retail networks in the world.

Farm Mechanisation

A New Hope

As we look forward to the next 50 years, we see ourselves rededicating to the cause of the Indian farmer and securing the Nation's food security.

Human Resources

Enriching minds. Nurturing leaders.

At Coromandel, we pride ourselves in converting work into an exciting and enriching experience. We drive this energy with freedom, the catalyst that can unlock one's true potential. It is this 'voice and choice' attitude that transforms the way we, as a Company, take on everyday challenges. Add to this a work environment with some of the best minds in the business, each a testament to their field of work, and you have the most fertile place for careers to soar.

It's not easy to spot a leader or mould one for that matter. But after 50 years, we instinctively know the DNA that makes up one. Which is why, our Learning & Development department has developed transitional programmes and innovative assesment techniques; to hone the skills required to be a leader. Our training courses are some of the best in the industry that condition minds to think designations above one's station.

Coromandel's employee engagement initiatives using the Gallup model, have worked wonders for nurturing a work environment that increases employee morale and delivers better service and products.

Over the last year our efforts to make the workplace an environment of fun and learning has earned us recognition from all over. The Company has won the National HR Best Practices award for innovation. CII awarded Coromandel the recognition of 'Significant Achievement' for Business Excellence. But truly, the best recognition we can receive is the knowledge that we have transformed individuals into some of the industry's best leaders, innovators and game changers.


Coromandel employees


शिक्षा

Corporate Social Responsibility

Beyond profits

At Coromandel, growth is not measured by profits alone, but also by how much time and money is spent on the society and the environment around us. Coromandel has always been at the forefront of CSR initiatives and this year was no different.

Ever since Coromandel's Ennore Plant was commissioned, the Company has assisted in many ways to improve the lives of people in the surrounding community, by supplying drinking water, providing school material for workers children and organising health camps, among others. This year, Coromandel gave the people of Ennore their very own medical centre! The brainchild of a cross-functional team from our Ennore Plant, Coromandel's Public Health Care Centre has a doctor's room, pharmacy, lab setup and patients' waiting area. Quality medicines are also provided at affordable prices.

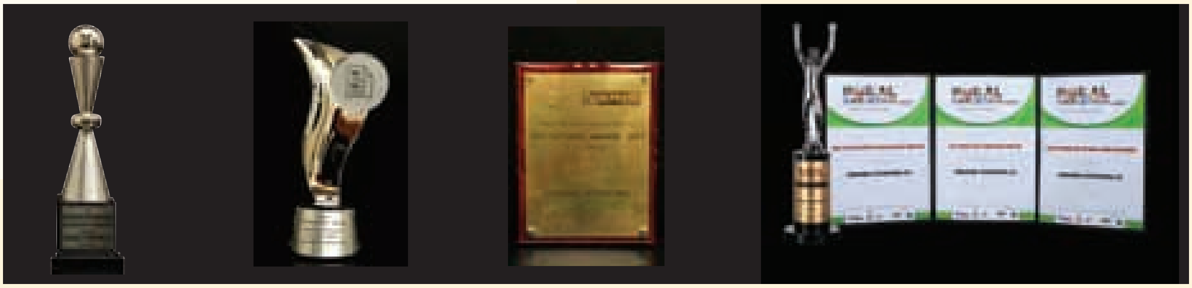
From helping a community to taking a firm stand against child labour, Coromandel strongly believes that children belong to school and not at the workplace. Which is why, across all its locations, the Company supports and encourages children to stay in school by giving out scholarships. Coromandel also went a step further to ensure it does not deal with any organisation that encourages child labour.

Public Health Care Centre, Ennore

Mr. Kapil Mehan (second from left), Managing Director, Coromandel receiving the FAI award for Best Overall Performance of an Operating Fertiliser Unit for Complex Fertilisers (Kakinada) from Mr. Srikant K Jena (second from right), Honourable Minister of State, Ministry of Chemicals and Fertilisers. Also seen Mr. A Vellayan (extreme left), Chairman, Murugappa Group/Coromandel International Ltd., and Chairman, FAI and Mr. Ajay Bhattacharya (extreme right), Secretary (Fertilisers).

Awards

Pushing the boundaries of success



1. Coromandel received 'Significant Achievement' in the CII-EXIM Bank Business Excellence Award 2011.
2. Kakinada Plant received the FAI award for 'Best Overall Performance' of an Operating Fertiliser Unit for Complex Fertilisers.
3. Visakhapatnam Plant received the CII's National Water Management Award for the best water-efficient unit.
4. Coromandel received the FICCI award for the Best Brand - 'Godavari Gold'.
5. Kakinada and Visakhapatnam plants awarded 5 star rating by the British Safety Council for their Health and Safety Management systems.
6. Awarded the prestigious Industrial Economist - Business Excellence Award 2012 in recognition of maximum shareholder value addition in the last five years.
7. Best Talent Managed Company by Asian Confederation of Business.
8. Best L&D Strategy award by Indian Human Capital Summit-2011.
9. National Award, 1st Prize, by Public Relations Society of India, New Delhi for Coromandel in-house magazine-'The VOICE' (for the sixth time).
10. National Award, 1st Prize, for the Corporate Film by Public Relations Society of India, New Delhi.
11. Awards for a) Most effective use of interactive rural marketing b) Best brand loyalty marketing campaign and c) Holistic marketing for rural brand deployment for Mana Gromor Retail at CMO Asia and World Brand Congress during the Asia Retail Congress in Mumbai.

Mr. Kapil Mehan (extreme right), MD, Coromandel receiving the Industrial Economist Business Excellence award from Mr. P S Rammohan Rao, former Governor of Tamil Nadu. Also seen Mr. S Viswanathan, Editor and Publisher of the Industrial Economist.

Mr. Kapil Mehan (right), MD, Coromandel receiving the CII - EXIM Bank Business Excellence Award from Mr. N Kumar, Vice Chairman Sanmar Group.

CORPORATE INFORMATION

BOARD OF DIRECTORS

A Vellayan
Chairman

V Ravichandran
Vice Chairman

K Balasubramanian
Director

B V R Mohan Reddy
Director

R A Savoor
Director

M K Tandon
Director

M M Venkatachalam
Director

Ranjana Kumar
Director

Kapil Mehan
Managing Director

MANAGEMENT TEAM

Kapil Mehan
Managing Director

G Ravi Prasad
President - Marketing Fertilisers & SND

G Veera Bhadram
President - Pesticides SBU (upto December 18, 2011)

P Gopalakrishna
Sr Vice President - Retail

Harish Malhotra
Sr Vice President - Commercial

Arun Leslie George
Sr Vice President & Head of HR

S Govindarajan
Sr Vice President & Head of Manufacturing

S Sankarasubramanian
Chief Financial Officer

M R Rajaram
Company Secretary

BANKERS

State Bank of India

Hongkong and Shanghai Banking Corporation Limited

HDFC Bank Limited

IDBI Bank Limited

ICICI Bank Limited

AUDITORS

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

COST AUDITORS

Mr V Kalyanaraman
Mr Dantu Mitra

REGISTRARS & SHARE TRANSFER AGENTS

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

REGISTERED OFFICE

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

FINANCIAL HIGHLIGHTS - TEN YEARS' RECORD

₹ in Lakhs

	Year Ended 31st March									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Gross revenue	58977	122259	155417	187471	208423	380011	966781	652685	771902	993994
Gross profit	7497	13213	14670	17645	21812	45537	94903	84304	113649	114244
Depreciation and amortisation expense	1560	3264	3510	3708	3984	5213	5613	5923	6174	5616
Finance costs	1288	2872	1873	2401	3193	6983	8472	7537	8629	11651
Profit before tax	4649	7077	9287	11536	14635	33342	80818	70844	98846	96977
Profit after tax	2703	4311	6919	8355	10074	20976	49638	46820	69446	69327
Net fixed assets@	21821	37757	37134	36367	38241	73539	79184	81731	81434	94023
Networth@	22954	33105	37906	43799	51244	79444	112714	143499	190411	237119
Earnings per share (₹)*	1.39	1.70	2.72	3.29	3.97	7.50	17.74	16.72	24.69	24.57
Dividend on equity (%)	60	65	75	85	100	175	500	500	700	700
Book value per share (₹)*	11.8	13.0	14.9	17.3	20.2	28.4	40.3	51.2	67.6	83.9

1. Financials from 2010-11 onwards are presented as per Revised Schedule VI.
2. Financials from 2007-08 onwards include erstwhile Godavari Fertilisers and Chemicals Limited which merged with Coromandel effective 1 April 2007.
3. Financials from 2006-07 onwards include Ficom Organics Limited and its wholly owned subsidiary Rasilah Investments Limited which merged with Coromandel effective 1 April 2006.
4. Financials from 2003-04 onwards include Farm Inputs Division (FIND) of E.I.D Parry (India) Limited which merged with the Company effective 1 April 2003.

@ Excluding Fixed assets revaluation reserve.

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

DIRECTORS' REPORT

The Board of Directors have pleasure in presenting the highlights of the performance of your Company together with the Audited Accounts for the Financial Year ended March 31, 2012.

SUMMARY OF FINANCIAL RESULTS:

₹ in crore

	2011-2012	2010-2011
Income:		
From Operations	9,823	7,639
Other	117	80
TOTAL	9,940	7,719
Profit:		
Profit before Interest, Depreciation and Taxation	1,178	1,136
Less: Interest	117	86
Depreciation	56	62
Profit Before Exceptional Items & Tax	1,005	988
Exceptional Item	(35)	–
Profit Before Tax	970	988
Less: Provision for Tax (including deferred tax credit)	277	294
Profit After Tax	693	694
Add: Surplus brought forward	318	203
Amount available for Appropriation	1,011	897
Appropriation		
- Interim Dividend (incl. dividend tax)	131	131
- Proposed Final Dividend (incl. dividend tax)	99	98
- Transfer to General Reserve	300	350
- Surplus retained in the Profit and Loss Account	481	318

Operations

The Company has shown improved performance in all its business segments and achieved a higher revenue of ₹ 9,940 crore for the year ended 31 March 2012 (2010-11 - ₹ 7,719 crore). Profit for the year before depreciation, interest and taxation was ₹ 1,178 crore compared to ₹ 1,136 crore in the previous year. Profit after tax was ₹ 693 crore as against ₹ 694 crore in 2010-11.

Improved operational efficiencies and appropriate sourcing strategies have significantly contributed to overall improved performance inspite of lower production of fertilisers due to shortage of phosphoric acid and high volatility in the Rupee. The fertiliser business achieved a total sales volume (including imported fertilisers) of 30.08 lakh tons as against 28.63 lakh tons achieved in the previous year. Besides, the Company also handled 2.65 lakh tons of urea against 1.98 lakh tons achieved in the previous year. Timely purchase of input raw materials and pro-active forex management coupled with faster liquidation of stocks has helped the Company in improving operational profits.

Crop Protection business performed reasonably well during the year despite a continuing ban imposed on Endosulfan by Hon'ble the Supreme Court of India at the beginning of the year and unfavourable monsoon conditions in certain States during Rabi season. The acquisition of Sabero Organics Gujarat Limited, a technical grade manufacturer has expanded product profile of crop protection business and has given greater access to global markets. Timely introduction of new technicals at Ankleshwar facility has mitigated the impact on volumes due to ban of Endosulfan. Leveraging the Retail presence in Andhra Pradesh and Karnataka, the Company has significantly improved the sale of specialties and captive technical formulations.

In Speciality Nutrient Business, the Company has achieved sales growth in Organic Compost, Gromor Sulphur and Water Soluble Fertilisers (WSF) despite difficult seasonal and market conditions. The Company continues to be a market leader in Bentonite Sulphur and registered a growth of 14% over last year in this segment. In the organic fertilisers, the Company has registered a growth of 33% in volumes as compared to previous year.

In Retail business, the Company has opened 200 new retail centres in Andhra Pradesh and Karnataka. With this expansion, the Company has 641 centres in Andhra Pradesh and Karnataka. Retail turnover has grown by 11% during the year. In retail business, the Company has decided to focus more on agri-input business and exit from the life style products. The Company continues to explore Farm Mechanisation Business as part of its retail service offerings to the farmers.

Subsidiary Companies:

Acquisition of Sabero Organics Gujarat Limited (Sabero)

During the year, your Company entered into a Share Purchase Agreement with the erstwhile promoters of Sabero and acquired 1,42,98,112 equity shares of Sabero at ₹ 160 per share and also paid a non-compete fee of ₹ 38.47 per share for the resident shareholders aggregating to ₹ 35.53 crore.

The Company, also further acquired 1,05,00,000 equity shares of Sabero through an Open Offer from the shareholders of Sabero at a price of ₹ 160/- per share, pursuant to the approval from Securities Exchange Board of India (SEBI) for the Open Offer under SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997. Post completion of this acquisition, your Company now holds 2,47,98,112 equity shares representing 73.23% in the equity share capital of Sabero. The Company along with its wholly owned subsidiary (Parry Chemicals Ltd.,) holds 74.57% of the equity share capital of Sabero and effective December 17, 2011 Sabero has become a subsidiary of the Company. The Consolidated results include results of Sabero effective this date.

Sabero manufactures technical grade pesticides with manufacturing facilities in Sarigam, Gujarat and plans are underway for setting up an ancillary project at Dahej, in the state of Gujarat. Sabero's shares are listed on the National Stock Exchange and Bombay Stock Exchange.

Sabero's revenue from operations for the year ended March 31, 2012 was ₹ 358.43 crore with a Net loss of ₹ 61.24 crore. The production of Sabero during the year was impacted under judicial restraint. However, the Company was able to get permission for utilization of capacity up to 75% starting December 2011. In view of the under utilization of the capacities, higher power and fuel cost and certain accounting adjustments necessitated on reconciliation of major balances, the Company had incurred the loss. The Company is investing into comprehensive revamping of Environmental Management System to comply with environmental standards. These investments are aimed at further compliance with environmental regulations and will also enable the Company to ramp up production and sales volumes from 2012-13 onwards.

The acquisition of Sabero is part of the company's long term vision to consolidate its position as a significant player in the crop protection business with a combination of products in technical/formulation grade pesticides catering to both domestic and global markets.

CFL Mauritius Limited:

The Company (a 100% subsidiary) earned a total revenue of US $ 1.22 million (equivalent to ₹ 5.76 crore) and net profit of US $ 0.74 million (equivalent to ₹ 3.61 crore) during the year ended December 31, 2011. During the year, the Company has received dividend from Foskor (Pty) Ltd amounting to US $ 1.14 million.

Parry Chemicals Limited (PCL):

The Company (a100% subsidiary) earned a total revenue of ₹ 0.57 crore for the year ended March 31, 2012 and Profit after Tax was ₹ 0.03 crore. Your Company had during the year subscribed a sum of ₹ 9.50 crore for acquiring additional 95,00,000 lakh equity shares of ₹ 10/- each of PCL.

PCL, during the year had acquired equity 4,58,249 equity shares of Sabero Organics Gujarat Limited representing 1.35% from the stock market.

Coromandel Brasil Limitada:

The Limited Liability Partnership in Brazil incurred net loss of Brazilian Reals 0.56 million (equivalent to ₹ 1.58 crore) for the year ended December 31, 2011. Your Company had during the year made a further investment of ₹ 1.38 crore in this company.

Joint Venture Companies

Tunisian Indian Fertilisers Company Limited (TIFERT)

TIFERT, a joint venture Company, was formed in Tunisia in 2008, to set up a phosphoric acid plant. The plant which was originally expected to be commissioned by the first quarter of 2011 got delayed mainly due to the political developments in Tunisia last year. With the restoration of normalcy in Tunisia, it is expected that this plant would be commissioned by second half of 2012-13. The delay has caused cost overrun to the extent of US $ 30 million and the Board of Directors of your Company in terms of the JV agreement had approved an additional investment of US$ 5 million towards its share by way of equity/loan. Your Company's strategic investment towards 15% equity stake in TIFERT is aimed at securing uninterrupted supply of phosphoric acid for the Company's operations.

Coromandel Getax Phosphates Pte Ltd

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

Coromandel SQM (India) Pvt Ltd.

The Joint Venture Company, formed to set up a WSF Plant at Kakinada, Andhra Pradesh has commenced its operations during the year. The plant is capable of producing various grades of Water Soluble Fertilisers and this will enhance the product range offerings in Specialty Nutrients by the Company resulting in overall increase in market share of Coromandel in this segment. The Company earned a total income of ₹ 3.81 crore for the year ended March 31, 2012 and Net loss was ₹ 0.70 crore.

Technical Assistance Agreement with Foskor (Pty) Limited (South Africa):

The Technical Assistance Agreement with Foskor (Pty) Limited, South Africa, for a period of two years ended on March 31, 2012. The relationship with Foskor continues to be beneficial to both the Companies.

Expansion Projects

Your Company is in the process of expanding capacities and is currently executing a third Complex granulation train at Kakinada plant. The Plant is expected to be completed during the financial year 2012-13. As part of this expansion, your Company is also building Storage Tanks and other support facilities to augment infrastructure for the expanded capacities. Your Company is also firming up its plans for setting up a green field Single Super Phosphate plant in the state of Punjab.

Safety, Health and Environment (SHE)

Company's focus on Safety, Health and Environment continued during the year under review across all locations with all manufacturing plants maintaining high safety standards.

All the plants continued to make significant progress attaining external SHE recognition, and have been certified with ISO 14001 Environmental Management System certification and conforms to Process Safety Management System. Visakhapatnam and Kakinada plants were awarded five star rating by British Safety council. Barring an unfortunate workplace fatal incident in Visakhapatnam Plant, the overall safety environment had continued to improve during the year under review.

Dividend

Your Directors recommend a Final Dividend of ₹ 3/- per equity share. With this the total dividend for the year would be ₹ 7/- per equity share including an interim dividend of ₹ 4/- per equity share paid to the Members. The Members may recall that a Dividend of ₹ 7/- per equity share was paid last year.

Bonus Debentures

In order to commemorate the golden jubilee of the Company and to reward the Shareholders for their continued support, the Board of Directors approved issuance of one 9% Unsecured Redeemable

Non- convertible Fully Paid Bonus Debentures of ₹ 15/- each for every equity share by appropriating the General Reserve through a Scheme of Arrangement (Scheme). The Members had approved the said Scheme for issuance of unsecured fully redeemable non convertible Bonus Debentures and the Company had filed the petition in the Hon'ble High Court of AP seeking its approval of the Scheme. The Company would complete the process of issue of the Bonus Debentures upon receipt of necessary approvals.

Consolidated Financial Results

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

The Ministry of Corporate Affairs, has given a general exemption to Companies from publishing the Annual Report of its subsidiary Companies wherever a Consolidated Statement has been appended. In view of this, the Annual Report of the Subsidiary Companies, i.e. Parry Chemicals Limited, Sabero Organics Gujarat Limited and its subsidiaries, CFL Mauritius Limited and Coromandel Brasil Limitada have not been annexed.

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

Awards/Recognition

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

- Company was awarded Significant Achievement in the CII-EXIM Bank Business Excellence Award - 2011.
- Company was awarded Business Excellence Award by 'Industrial Economist' a business magazine.
- Kakinada Plant received FAI Award for best overall performance of an operating fertiliser unit for complex fertilisers
- Visakhapatnam Plant received the CII's National Water Management Award for Water Efficient Unit
- FICCI Award received for Best Brand "Godavari Gold"

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 K Tandon, Mr R A Savoor and Mr M M Venkatachalam are retiring at the ensuing Annual General Meeting. Mr M K Tandon and Mr R A Savoor have expressed their desire to retire at the ensuing Annual General Meeting. The board places on record its sincere appreciation of the services rendered by both Mr M K Tandon and Mr R A Savoor during their tenure of directorship.

Auditors

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

Cost Auditors

In pursuance of Section 233B of the Companies Act, 1956 the Central Government has ordered Cost Audit for Fertilisers and Insecticides products. Accordingly, Shri V Kalyanaraman and Shri Dantu Mitra, Cost Accountants, were appointed Cost Auditors to render reports to the Central Government. The Report for the year 2010-11 were submitted on September 26, 2011 (due date September 30, 2011) and for the year 2011-12 will be submitted on/before due date.

Disclosures

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

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

As required by Section 217 (2AA) of the Companies (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 good results, all round.

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

On behalf of the Board

Place : Hyderabad
Date : April 23, 2012

A Vellayan
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

1. **Economic scenario**

In 2011-12, India's Agricultural Economy performed well with food grain production estimated to touch 252.5 million tonnes compared with 245 million tonnes in 2010-11. Agricultural Input Industry performed well despite a highly volatile international raw material prices and generally depreciating Indian currency besides low rainfall in the southern states.

Domestic GDP on the other hand continued to slide down on a quarter on quarter basis during the year with growth of 5.3% in Q4 versus growth of 9.2% in the same period of 2010-11. After witnessing growth rate of 8.4% in each of the two preceding years, Indian economy grew by 6.5% in 2011-12 (2.8% growth in agriculture and related sectors) and is estimated to grow by 6.5% in 2012-13 (3% growth estimated in agriculture and related sectors).

While the growth has slowed down as compared with previous years, India continues to be among the frontrunners in the global arena. With agriculture and services continuing to perform well, slow growth rate was mainly attributable to weakening industrial growth. The financial crisis in Europe, sluggish growth in other industrialized countries like the USA, stagnation in Japan and hardening of international prices of crude oil had impacted industrial growth in India. Coupled with this, domestic monetary policy, particularly raising the repo rate to control inflation resulted in slowing down of investment and growth particularly in the Industrial sector.

Agriculture even though shrunk in its proportion to GDP to 12.9%, it is a vital sector which provides livelihood for more than 50% of the population. The area under food grains production has declined over the last three decades. In yield parameters India is still lagging behind global levels in most crops. A holistic approach, simultaneously working on agricultural research and development, dissemination of technology and provision of quality agricultural inputs like seeds, fertilisers and pesticides would be important besides making adequate investment in agricultural marketing infrastructure and water conservation.

Indian farmers are mostly small and marginal farmers with small and fragmented landholdings. The average farm size in the country has declined over the years which pose a challenge in terms of adoption of farm mechanization. Pooling of many landholdings may yield better economies of scale for which laws for leasing land should be put in place. It is necessary to have comprehensive and coordinated efforts for improving farm production and productivity of food grains, developing rural infrastructure, renewing thrust on irrigation sector, strengthening marketing infrastructure and supporting investment in R&D. These efforts will rejuvenate agricultural sector and bring about inclusive growth of the economy.

The growth and progress of Indian agriculture depends largely on the progress, and precipitation through the south west monsoon. During the year 2011-12, the country received 101% of the long period average, but the numbers of rainy days were fewer, causing long gaps in precipitation or floods. The initial estimates on the progress of monsoon for 2012-13 are varying, between a sub-normal to normal monsoon.

2. **Organisation**

Coromandel is a flagship Company of the Murugappa Group and is a subsidiary of EID Parry (India) Limited (EIDP) which holds 62.69% of the equity share capital in the Company. The Company is engaged in the business of Farm Inputs comprising of Fertilisers, Crop protection, Speciality Nutrients and Organic compost. The Company is also engaged in rural retail business in the States of Andhra Pradesh and Karnataka through a chain of 641 retail centres set up in various parts of these States. The Company has 8 manufacturing facilities located in Andhra Pradesh, Tamil Nadu, Gujarat and Jammu & Kashmir. The Company's products are marketed all over the country through an extensive network of dealers and its own retail centres. During the year, the Company, along with its wholly owned subsidiary, acquired 74.57% stake in Sabero Organics Gujarat Limited, a crop protection company which has exposure in all three segments i.e. Fungicides, Insecticides and Herbicides in crop protection business. Sabero has manufacturing facility at Sarigam and another formulation plant is being set up in Dahej.

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

- Sabero Organics Gujarat Limited, India
- Sabero Organics America Ltda, Brazil
- Sabero Australia Pty Ltd, Australia
- Sabero Europe BV
- Sabero Argentina S.A., Argentina
- Parry Chemicals Limited, India
- CFL Mauritius Limited, Mauritius
- Coromandel Brasil Limitada, Brazil
- Coromandel Getax Phosphates Pte Ltd, Singapore
- Coromandel SQM (India) Pvt Ltd, India
- Tunisia Indian Fertilisers Company Ltd, Tunisia

In addition, the Company also holds 14% equity stake in Foskor Pty Ltd, South Africa, through combined holding of Coromandel and CFL Mauritius Limited.

The Management Discussion and Analysis given below discusses the key issues concerning each of the Strategic Business Units (SBUs) forming part of the Farm Inputs segment of the Company and of the Retail Business.

3. **Farm inputs:**

A. **Fertilisers SBU :**

Coromandel with a production capacity of 32.6 Lakh tonnes of Phosphatic fertilisers is the leading private sector player in phosphatic fertilisers in India. The Company produces and sells Phosphatic (P) and Potassic (K) Fertilisers of various grades ranging from Di Ammonium Phosphate (DAP), Complex Fertilisers with different composition of nutrients to Single Super Phosphate (SSP). The Company also distributes imported DAP, Potash, Urea and NPKs. The Company's fertilisers are sold under the well established brand names viz. 'Gromor', 'Godavari', 'Paramfos', 'Parry Gold' and 'Parry Super'. The

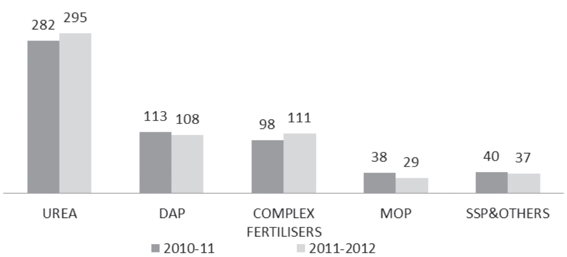
Company's fertiliser manufacturing facilities are located at Visakhapatnam and Kakinada in Andhra Pradesh and Ennore and Ranipet in Tamil Nadu.

(a) **Industry scenario:**

Global fertiliser demand in 2011 grew by 2.8% enabled by high food prices and strong demand for agri commodities. World nutrient consumption in 2011 reached 177 million tonnes (in terms of nutrients), rose by 3% as compared to 2010. However, global fertiliser demand and price levels remained sluggish since December 2011 and right into the first quarter of 2012. Globally the fertilizer industry has operated at 83% of the installed capacity compared with 82% in 2010. Fertiliser demand in 2012-13 is expected to grow but at moderate level due to uncertain economic condition in Europe and lower commodity prices.

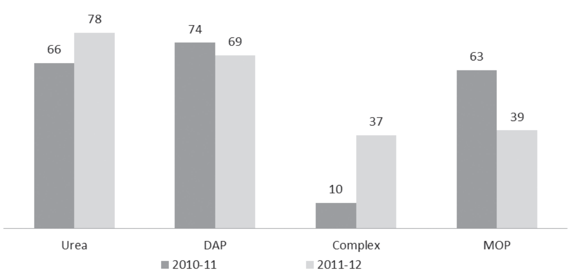
India continues to remain one of the key drivers for growth of fertiliser demand in the World. India recorded the highest sale of chemical fertilisers of 580 Lakh MT, registering an increase of 10 Lakh MT, over the earlier year.

India's chemical fertiliser sales in lakh MT



Import of various complex fertilisers registered a sharp increase of 270%. India saw an unprecedented import of low grade NP fertilisers like 20:20 to fill up the shortfall of DAP imports.

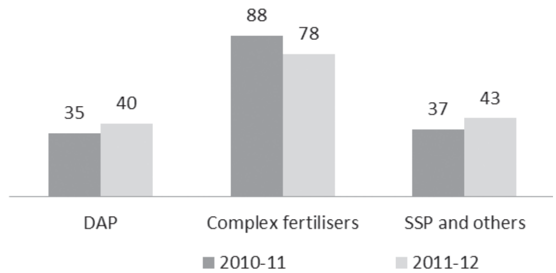
India's chemical fertiliser imports in lakh MT:



Consumption of fertilisers in terms of nutrients crossed 287 Lakh MT compared to 280 Lakh MT last year. Imports of fertilisers also shot up significantly especially in the II half of the year.

Production of phosphatic fertilisers remained almost at the same levels in 2011-12 as compared to 2010-11.

India's Phosphatic fertiliser Production in lakh MT:

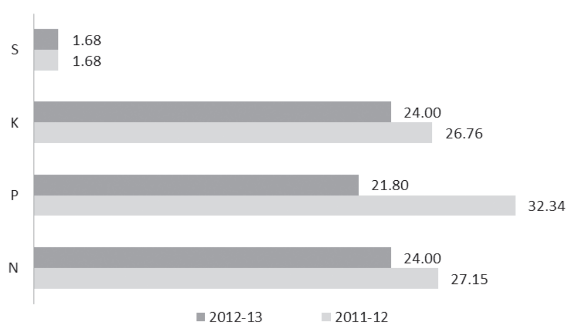


International price of DAP and other fertilisers went up during I half and DAP prices reached peak level of US $ 677 CFR India before softening during the last quarter to US $ 550 CFR India level. Urea/Ammonia prices were very volatile during the year and softened during the year end. Prices of MOP hardened during the year from US $ 420 to US $ 490/MT.

(b) **Government policies:**

The subsidy rates applicable (₹ per kg) for financial year 2012-13 are as under:

Nutrient Based Subsidy (NBS) Policy announced by GOI for phosphatic fertilisers continued for the second year and this has helped the government to reduce the subsidy bill during 2011-12. During the year industry had to raise MRPs to recover increase in input costs from the market besides absorbing the impact of currency depreciation. With softening of international prices of fertilisers in the last quarter, Government has reduced the subsidy rates for 2012-13 to bring down the subsidy outgo. Since introduction of NBS the Government has saved a substantial amount of subsidy outgo in the past two years.



The proposed subsidy rates for 2012-13 translate in to effective subsidy of ₹ 14350/MT of DAP as against existing subsidy rate of ₹ 19763/MT and ₹ 14400/MT for MOP as against existing rate of ₹ 16054/MT.

NBS policy is one of the most important reforms introduced in the fertiliser sector in the last thirty years. This reform is not only helping Indian Government to save subsidy but is also helpful in ensuring judicious use of fertiliser by farmers. It is well established that India does not have any natural resource to manufacture P and K fertilisers and hence it is very important that Government has to put in place a suitable mechanism to fund acquisition of natural resources of P and K. Further, Government also needs to leverage its trade relations with resource rich countries to secure long term supplies of P and K fertilisers for Indian companies to address food security concerns of India.

Fertiliser consumption is increasing at a steady pace, while the domestic capacity of fertiliser manufacturers is not increasing due to a lack of fresh investments resulting in increased imports of fertilizers. Lower investor interest is due to limitations in availability of natural gas, phosphoric acid and other key inputs.

A working committee has been set up by the Planning Commission to study on performance of eleventh five year plan and the key issues to be addressed in twelfth five year plan. The study includes the assessment of required raw materials to meet the demand of all type of fertilisers in the country, assessment of various inputs and infrastructural facilities required during the next 5 years to fill the gap between demand and supply, review the present status of various taxes and duties and suggest measures for their realisation.

Some of the policy initiatives announced in the year beginning 2012 including tax incentives with respect to investments in fertiliser sector is likely to kick-start new investments. It is further expected that the urea subsidy regime could be moved to nutrient-based subsidy (NBS). This will bring in a uniform subsidy regime for all fertilisers to ensure that there is a balanced use of all major nutrients. Current policy of differential subsidy for "N" fertilisers may lead to imbalanced use of fertilisers.

During the year, the Government through Reserve Bank of India has bought back remaining fertiliser bonds issued in lieu of subsidy and also compensated 50% of the loss on such sale of bonds. The industry is still representing for full reimbursement of the loss on the buy back of bonds. Government has reaffirmed that with new NBS policy for phosphatic fertilisers and reasonable allocation of subsidy, fertiliser industry will not be paid its dues by bonds in future. However key concern on policy front continues to be lack of adequate budgetary provisions for payment of subsidies.

(c) Fertiliser SBU Performance:

The Company achieved a highest ever sales volume of 32.73 Lakh MT (24.78 Lakh MT of manufactured fertilisers and 5.3 Lakh MT of imported phosphatic fertilisers/ MOP and 2.65 Lakh MT of Urea) as against 30.61 Lakh MT during the previous year.

However, production during the year was affected mainly on account of short receipt of phosphoric acid especially from Tunisia due to domestic developments in that region. The Company has optimized the production and also resorted to imported phosphatic fertilisers to maintain supplies to farming community which also enabled it to achieve a highest ever market share.

All fertiliser plants have improved on their operational efficiencies over last year and the performance has been satisfactory, inspite of shortfall in production due to delayed and short supply of key raw materials and volatility in international prices. During the year, the Company has resorted to revision in fertiliser MRPs mainly to offset the input cost increase and rupee depreciation. Timely purchase of raw materials and pro-active forex management coupled with faster liquidation of materials has helped the Company in improving the overall performance.

As part of its tie up with Shell International Petroleum Company Limited (Shell) for manufacture of Sulphur enhanced fertilisers, the Visakhapatnam plant successfully commenced trial production of DAP 4S using Shell's Thiogro technology. The company has also introduced new complex grade of fertilizer 14:28:14, to cater to the needs of farmers in its various markets.

The Company has been investing continuously in meeting its obligations towards protecting the environment. Towards this step, during the year a new Effluent Treatment Plant (ETP) has been commissioned at Visakhapatnam plant. The Company's Kakinada and Visakhapatnam plants were awarded 5 star rating by the British Safety Council for its Health and Safety Management System. The Company will continue to undertake investments in further improving the safety culture at its Plants.

The project for installation of an additional granulation plant at Kakinada ("C" train project) has been progressing well and is expected to be commissioned by second half of 2012. The investments include augmenting ammonia, sulphuric acid and phosphoric acid tanks and other infrastructure to meet the increased storage and handling requirements of these raw materials.

The movement of Fertilisers sold during the year was governed by movement orders issued by Government of India which helped the Company to expand its market footprint thus positioning it well for the proposed sale of 40 Lakh MT with new "C" train coming on stream. Company now operates in 9 States with over 1 Lakh MT of fertiliser sales in a year.

Coromandel continues to have a significant presence in Andhra Pradesh, Tamil Nadu, Karnataka, Orissa, Chattisgarh, Maharashtra, Madhya Pradesh, Uttar Pradesh and West Bengal.

B. Crop Protection -SBU:

a) Industry Scenario

Globally agrochemicals industry witnessed growth with the business touching \$ 45 billion for the year (\$ 38 billion during 2010) boosted by good demand and stable prices for generics across the globe. Industry achieved a growth of 16% in nominal terms and 8% in real terms over previous year supported by higher commodity prices.

Global business was largely driven by adequate rainfall and disease incidence in Latin American countries, early winter in Europe and good growth in Asia. All the leading companies achieved double-digit growth against last year, supported by stable prices for high volume products like Glyphosate. MNCs continued investing significantly in genetically modified (GM) seeds segment, which continued to grow at significant rate though no new approval has been given in for GM technology in any new crop.

Indian industry witnessed record sowing of cotton during the year though there was late onset of monsoon. Due to insufficient rains in South, consumption suffered in critical states like AP, Maharashtra and Karnataka. Industry also witnessed banning of Endosulfan and withdrawal of license for manufacturing of Chloro+Cyper during the year. Despite such setbacks Industry is estimated to have sustained the market size of last year, due to growth from Northern and Eastern regions where monsoon was normal.

Prices of all critical crops like cotton, paddy and chillies ruled lower than previous year while groundnut and soyabean were stable. Due to increased acreage of paddy in East and good weather for wheat in North, food grains production in the country is expected to touch the highest level this year, demonstrating the growing resilience of Indian agriculture against weather vagaries.

b) Crop Protection SBU Performance

In pursuit of its vision to build a significant presence globally, the Company acquired M/s Sabero Organics Gujarat Ltd. This strategic acquisition has catapulted the Company into top 5 companies in the branded formulation business in India and provided access to global markets and helped expand its basket of captive technicals.

The SBU achieved a turnover of ₹ 441 crores, despite sudden ban on Endosulfan by Supreme Court at the beginning of the year and unfavorable weather in its critical states in second half. The Company could cover the void left by Endosulfan (close to 10% of previous year turnover) through successful change in its product mix and scale-up of high margin specialties and other captive technicals.

Formulations business performed well to achieve record sales of brands of Specialties and captive technicals through its wide channel network and Retail chain, through intensive branding. Launch of Buprofezin technical in its captive range and leveraging on captive technicals from Sabero Organics helped the SBU mitigate the loss of Endosulfan effectively.

Access to product registrations available for Sabero range of technicals and reorganization of teams globally has laid a strong platform for the SBU to build its global presence in existing and new markets. Increased availability of wider range of captive technicals has made the SBU a strong player in domestic technicals sales space also.

SBU with its strategic sourcing tie-ups in China and registrations for new technicals is set to grow faster in Latin America, the fastest growing markets, through its operations based in Brazil.

C. Speciality Nutrients - SBU

Industry/ Company's Performance

Speciality Nutrients division comprising of three segments - Secondary & Micro nutrients, Water Soluble Fertilisers (WSF) and Organic Manure registered a growth of 31% over previous year, despite difficult seasonal and market conditions.

The Company continues to be a market leader in Bentonite Sulphur and registered a growth of 14% over last year in this segment. The Company successfully entered into institutional business in this segment. Drought during Kharif in major states like AP, Karnataka and Maharashtra followed by failure of Rabi in these states severely impacted the consumption. However, by virtue of the intensive field level demand generation activities, the Company was able to retain the leadership position in this segment.

As regards WSF segment, the increase in price of bulk fertilizers like DAP, NPK complexes and MOP has resulted in a mixed response from the market. In the traditional WSF segment like grapes, the farmers increased the proportion of WSF in their total fertiliser programme where as in new segments like field crops the consumption dropped significantly. However the market for WSF has shown positive signs of accelerated growth during the last two years. The new WSF plant which was set up as a joint venture with SQM, Chile has commenced its operations in March 2012. This enables the Company to increase the market share in this segment with increased volumes and new product offerings.

In order to improve soil health, the Company had started marketing compost. The current market size is 10 lakh MTs with a year on year industry growth of 20-30%. The Company has achieved a sales volume of 1.6 Lakh MTs registering a growth of 33% over previous year. The Company has its presence in both Municipal Solid Waste Compost and Pressmud segments. The Company has launched many variants to these products including variants like KASH, Phos Gold and N-Rich which were introduced during the year.

D. Retail SBU

The retail business in Agri inputs has consolidated well and the new strategic business areas like organic products and seeds received good response from the market. The Retail turnover has grown by 11% during the year. However restructuring of the business portfolios in Retail was done to strategically focus more on Agri input businesses and exit the life style products business.

During the year, the Company has added 200 agri retail centres in AP and Karnataka and with this expansion presently there are 641 stores in operation. The business has shown improved performance over the previous year and the Company is in the process of further expanding its retail network in Karnataka and plans to enter into Maharashtra.

To study the Mana Gromor Centres linkage with farming community, an independent study was commissioned through AC Neilson for estimating Brand Equity index. This has shown 'Mana Gromor' brand an equity Index of 5 on 10 point scale, while a score of 3 and above is considered as very strong brand.

The branding efforts made by retail team has been recognized by CMO Asia and world Brand Congress and given three best brand promotion awards to Mana Gromor Retail during the Asia Retail Congress in Mumbai. These three awards are in recognition of a) Most effective use of interactive rural marketing, b) Best brand loyalty marketing campaign and c) Holistic marketing for rural brand deployment.

4. Strengths and opportunities:

During last few years Company has taken number of steps to expand the manufacturing capacities and infrastructure facilities, this being the key strength of Coromandel. As part of capacity building, the company has started construction of 'C' train including infrastructural facilities like raw material storage tanks, godowns, bagging and distribution facilities which is expected to be commissioned in second half of 2012-13. The Company has also implemented new effluent treatment plant at Visakhapatnam as part of its larger objective of contributing to cleaner environment.

Strategic tie-ups with key raw material suppliers which are critical for operations enable the Company in ensuring timely availability of raw material for operating the plant at optimal capacity..

With R&D facility at Visakhapatnam, the Company is able to take up trials on different grades of rock phosphate and optimize production of phosphoric acid which is very critical for increasing the throughput of complex fertilisers. Besides, the Company has carried out necessary modifications in the current facilities to manufacture sulphur enhanced formulations like DAP 4S and other complex grades based on Shell's Thiogro technology as part of its strategy to provide new grades of fertilisers.

On marketing front, one of the major strength is that the Company offers almost complete range of agri needs of the farmers such as fertilisers, crop protection products, speciality nutrients, organic manure and farm inputs etc. Besides this, the Company has strong brand image supported by strong dealer and retail network and dedicated technical and managerial workforce.

In the crop protection business, the Company has made significant capital investments augmenting plant capacity at its Ankaleshwar plant which are of long term value, including its upgraded R & D facility which has enabled the Company to bring out new technicals for introduction in the market.

The Company's focus on specialties in the formulation business through special marketing efforts has helped in scaling up the volumes of these profitable products. With the acquisition of Sabero Organics Gujarat Limited, the Company is able to get access to export markets in various countries. This enables the Company to expand the product range and size of the market.

Intensified field promotion activities with dedicated teams to address the special needs of potential crop segments are among the key factors in speciality nutrients business and the Company has developed strategies for increased focus and targeted marketing.

The strong financials of the Company and its sustained healthy credit rating/credit worthiness with the bankers and vendors has enabled the Company to raise working capital finance at competitive interest rates.

5. Outlook

Demand for fertiliser, crop protection and crop nutrition are expected to grow up as demand for food keeps increasing. With the increasing pace of urbanization and population growth and shrinking of arable land, India has to take various initiatives to increase the productivity and fulfill the needs of the growing population. This calls for increased usage of fertiliser and crop protection to improve yields. Increasing crop prices in both domestic and international markets will improve farmer profitability and will support the growth of fertilisers, crop protection and crop nutrition. Indian fertiliser industry is growing at an average growth rate of 5% to 6% p.a in volume terms.

Government has announced the reduction in Nutrient based subsidy rates applicable for 2012-13 for all phosphatic and potassic fertilisers. Any change in the international prices and currency depreciation may warrant revision in farm gate prices and this may pose challenge to phosphatic and potassic fertilisers with Urea continuing under retention price scheme. It is expected that revision in Minimum support prices for crops to be announced by the Government in the ensuing season will absorb the fertiliser price increase to a greater extent.

Ensuring timely availability of key raw materials is necessary for maximising the production and this continues to be a key focus area for the Company. The Company is always looking out for new sources of raw materials and global tie up to manage the situation.

The 'C' train expansion project and other infrastructural facilities like ammonia storage tank, phosphoric acid storage tank, bagging facilities and railway siding at Kakinada plant is under way and is expected to be commissioned by second half of 2012-13. This will enable the Company to take the production capacities closer to 40 Lakh tonnes.

In the crop protection business, the Company will continue to focus on specialities and will scale up sale of formulations based on captive technicals including additional range being manufactured by Sabero Organics. Increased reach through retail outlets augurs well for scaling up branded formulation business and Company will be focussing on developing strong brands for key molecules to stay ahead of competition. The Company will also leverage on the global network of Sabero Organics to scale up export of technicals and will continue to focus on registrations in the key market segments.

The Speciality Nutrient business is all geared up to expand the business in all segments. The new WSF plant at Kakinada, set up in joint venture with SQM Chile was commissioned in 2011-12. This will enable the Company to scale up the volumes of WSF and also to introduce new products in this segment. The Company is focussed to improve the business in this segment by forming crop based units with dedicated teams to address the special needs of potential crop segments. The Company is in the process of introducing new variants in organic business segment.

Rural Retail business is poised to further expand its reach to Karnataka and Maharashtra. The Company has commenced its retail operations in Karnataka by opening 75 stores in 2011-12 and is planning to expand further in Karnataka and enter into Maharashtra in the later years. These retail centres continues to provide all agri inputs along with advisory services including farm mechanisation in rural areas.

6. Risk management

Overview

Risk Management at Coromandel is an integral part of its business model, focusing to minimize adverse impact of risks on business objectives and enable the Company to leverage market opportunities effectively. The core values and ethics provide the platform for the Company’s risk management practices.

Risk Management Framework

Risk Management Structure

The Risk Management structure at Coromandel spans across different levels which form the various lines of defense in Risk Management. These levels includes but not limited to Board of directors (Board) who has the responsibility for oversight of Risk Management performed by Executive Management and review of performance of the Risk Management Committee.

Coromandel has a Risk Management Committee, comprising of an independent director who chairs the Committee meetings and the Managing Director. The committee members along with the senior executives and Business Heads of the Company carry out regular review of risk management practices.

Risk Categories

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

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

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

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

Risk	Risk Impact	Mitigation Plan
Environmental/Economic/Regulatory Risks		
Handling and storage of hazardous materials incl., Ammonia, Sulphuric acid etc.	- Impact on operations - Stoppage of production - Accidents resulting from release of the hazardous materials and consequent claims	• Strict PSMS Implementation • Strict adherence to maintenance/inspection schedules, training and emergency/disaster management plans • Public Liability Insurance Policy • ISO 14001 & OHSAS 18001

Risk	Risk Impact	Mitigation Plan
Environmental/Economic/Regulatory Risks		
Un-treated effluents causing pollution	- Revocation of factory license - Civil / criminal action	• Augmenting ETP facilities Strict adherence to PC standards
Non-compliance with Legal / Regulatory / Tax Compliance -Including other Countries	- Disruption of operations - Legal proceedings against the Company and its officials.	• Understanding / awareness of regulations and statutes • Engagement / advice by renowned lawyers and experts • Monitoring regulatory changes
Non compliance with FCO Standards & Specifications	- Civil / criminal proceedings - Production stoppages - Disallowance of subsidy claims	• Rigid quality checks at Plants • Test verification of bags • Reprocessing of non-standard materials • Better bags handling procedures
Change in Government Subsidy Policies	- Impact on turnover / working capital - Change in product mix - Change in distribution pattern	• New NBS Policy - greater clarity / certainty • New grades / customized Fertilisers • Increased focus on non-subsidy Business • Optimisation of rail road transportation. • Liaison with Government
Restriction on sale/usage of some crop protection products in India/abroad	- Impact on turnover / profitability - Negative publicity	• Development of newer and safer technical; • Extension of product life-cycle.
Operational Risks		
Volatility in the price of key raw materials	- Impact on revenues. - Increased cost of production - Increase in working capital requirement - Volume shrinkage	• Close monitoring of international price of raw materials. • Tie-up for expanded product range
Product life-cycle obsolescence	- Impact on turnover / profitability	• Identification of new off-patent molecules • R&D initiatives
Introduction of pest / resistant BT crops or change in crop pattern Loss due to shrinkage at Rural Retail Centres	- Impact on profitability - Financial loss	• Identification of emerging pests and suitable molecules • Introduction of new products • Close monitoring of inventory, regular inspection / audit • Daily MIS
Financial Risks		
Currency and exchange fluctuation risk	- Under recovery of Subsidy - Impact on profitability	• Close monitoring of exchange trend • Forward covers at appropriate time and level
Interest rate risk	- Increase in cost of borrowing - Impact on profitability	• Healthy debt-equity and interest cover ratio • Sustain good credit rating
Credit risk	- Impact on working capital - Dues becoming bad - Loss of interest	• Review of credit evaluation and limits • Close monitoring receivables
Liquidity risk - Delay in subsidy settlement	- Impact on working capital - Increase in cost of borrowing	• Close monitoring of subsidy dues • Increased working capital facilities • Securitization of subsidy dues

Risk	Risk Impact	Mitigation Plan
Legal & Human Resource		
Contractual Liability Risk	- Disruption of operations - Impact on turnover & profitability	• Clearance from legal cell • Independent experts' services for important contracts
Attrition of skilled/trained manpower	- Disruption of operations - Knowledge dissipation	• Compensation revision inline with market • Succession Planning • Career planning and training
In addition, IT related risks can result in loss of important data etc., leading to disruption in operations. These are addressed through adequate back-up mechanism, including Disaster Recovery Centre, authorization verification, regular training programs, regular purchase of licenses in line with the business requirement and other preventive measures. The assets of the Company, including its plant and machinery, as well work in process, inventory and Finished stocks are adequately insured against loss or destruction by fire and allied perils.		

7. Internal controls

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

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

The Company has its own corporate internal audit function to monitor & assess the adequacy and effectiveness of the Internal Controls and System across all key processes covering various locations. Deviations are reviewed periodically and due compliance ensured. Summary of 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

The Company's overall financial performance for the year 2011-12 has been good. The total revenue grew by 29% in 2011-12 as compared to the previous year. The Company's PBT before prior period subsidy income and exceptional items has moved up from ₹ 762 crore to ₹ 959 crore, registering a growth of 26%. The PBT after considering prior period subsidy income and exceptional items is ₹ 970 crore as compared to previous year ₹ 988 crore.

The Company generated ₹ 1108 crore (2011: ₹ 1024 crore) of cash surplus from its operations, before changes in working capital and after adjusting for the changes in working capital the net cash generated from operations is ₹ 110 crore (2011: ₹ 839 crore). The Company's net worth increased during the year and was at ₹ 2371 crore as on 31 March 2012 compared to ₹ 1904 crore as on 31 March 2011.

During the year, the Company incurred ₹ 186 crore towards capital expenditure including ₹ 109 crore on "C" train and expansion facilities at Kakinada.

During the year, the Company along with its wholly owned subsidiary has acquired 74.57% equity stake in Sabero Organics Gujarat Limited involving cash outgo of ₹ 403.10 crore. Further, the Company has paid a non-compete fees of ₹ 35.53 crore to the erstwhile Indian promoters of Sabero Organics Gujarat Limited which has been charged off to the Statement of Profit and Loss as an exceptional item.

Pursuant to the notification of the Government of India to buy back the Fertiliser Companies' Government of India Special Bonds in two equal tranches during 2010-11 and 2011-12 through Reserve Bank of India and to share at least 50% of loss on such buy back of fertiliser bonds, the Company has sold the special bonds with an aggregate face value of ₹ 997.6 crore (₹ 498.8 crore each in the years 2011-12 & 2010-11) and incurred a loss of ₹ 52.75 crore in 2011-12 (2010-11: ₹ 37.18 crore), net of compensation received from GOI. Consequently, the provision towards mark to market loss made earlier on such bonds amounting to ₹ 68.89 crore (2010-11: ₹ 68.89 crore) has been reversed.

During the year, the members of the Company approved the transfer/assigning of the lease rights on the land located at Navi Mumbai to the prospective buyers.

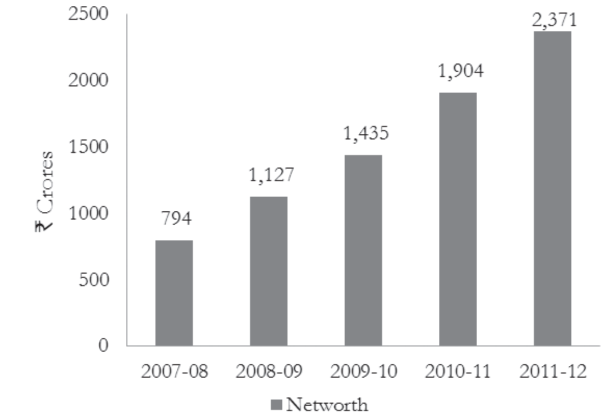
During the year, the Board approved, subject to the approval of shareholders and regulatory authorities, issue of bonus debentures. The Company has obtained approvals of the Scheme from National Stock Exchange and Bombay Stock Exchange for issue of one 9% Unsecured Redeemable Non-convertible Fully Paid Bonus Debenture of ₹ 15 each for every equity share from the General Reserve, and has filed the Scheme with the Hon'ble High Court of Andhra Pradesh.

The Company has been resorting to prudent mix of rupee and foreign currency borrowings to finance its working capital requirements and tied up long term ECB loans to fund capital projects. The Company's long term debt: equity ratio continues to remain very healthy and the cash and bank balance as at the year end includes ₹ 907 crore of temporary surplus retained in short term bank deposits/current accounts. The Company's long term credit rating by 'CRISIL' was reaffirmed at 'AA+ (stable)' and short term debt rating at P1+.

9. Value creation and financial analysis

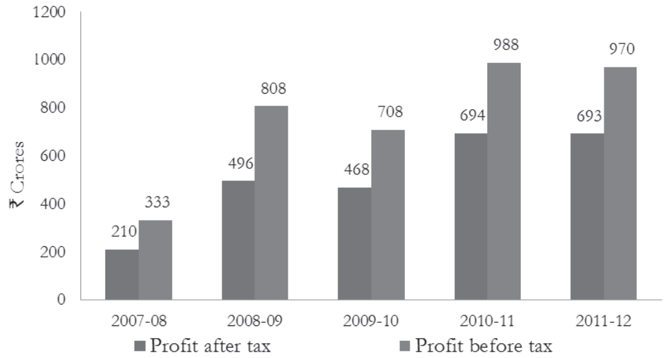
Increase in net worth

The net worth has increased 3 times in the last five years.



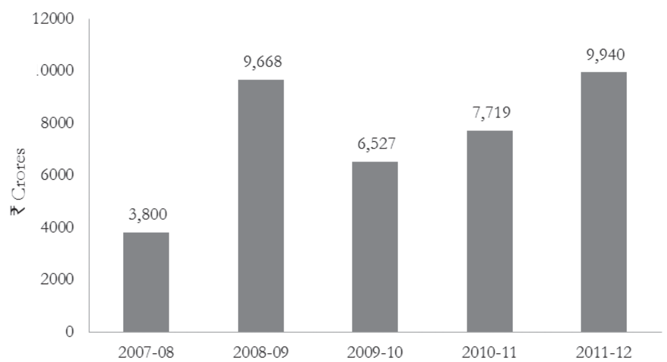
Profitability trend

Profits have increased from ₹ 210 crores in 2007-08 to ₹ 693 crores in 2011-12, a CAGR of 35%.

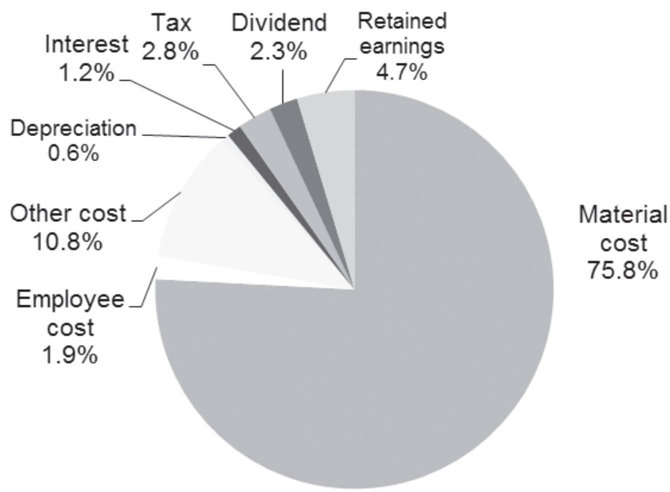


Revenue trend

Revenue has increased from ₹ 3800 crores in 2007-08 to ₹ 9940 crores in 2011-12, a CAGR of 27%.

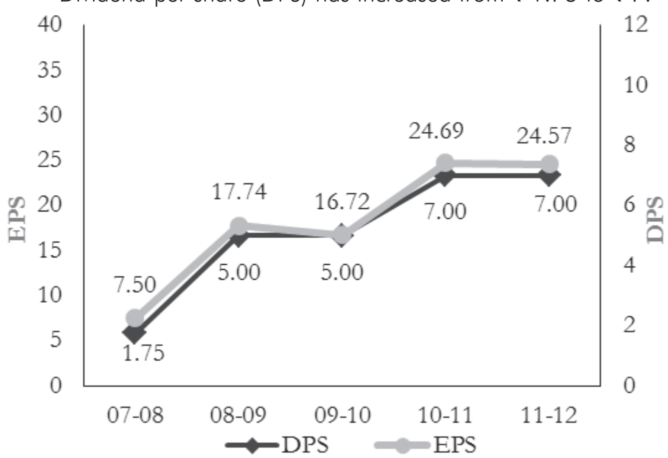


Distribution of income during 2011-12



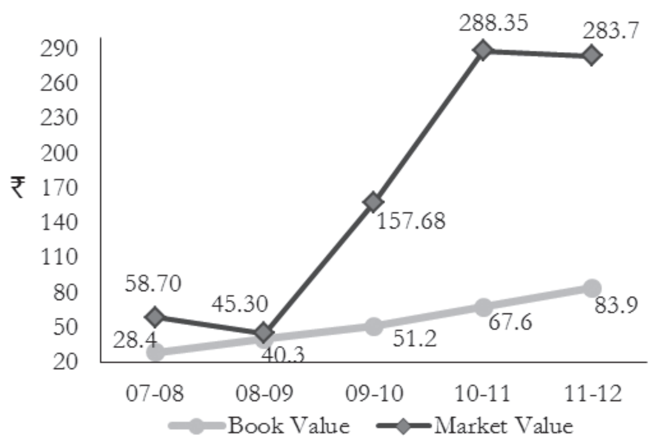
Earnings and dividend per share

Earnings per share (EPS) after adjusting share split went up from ₹ 7.5 in 2007-08 to ₹ 24.57 in 2011-12. Similarly, Dividend per share (DPS) has increased from ₹ 1.75 to ₹ 7.



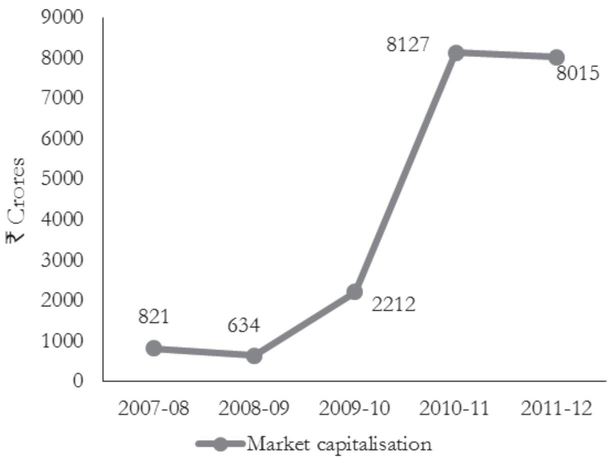
Book value and market value per share

Book value has increased 3 times from ₹ 28.4 in 2007-08 to ₹ 83.92 in 2011-12.



Market capitalisation

Market capitalisation has increased almost 10 times from ₹ 821 crores in 2007-08 to ₹ 8015 crores in 2011-12.



10. Human resources /Industrial relations

During the year the industrial relations across all the plants continued to remain cordial. Settlements at Visakhapatnam, Ennore and Ranipet for permanent workmen were concluded under section 18(1) of The Industrial Disputes Act, 1947 for a period of 4 years.

Leadership Development Process gained momentum during the year with a number of leadership initiatives for various levels. This included Development Centres for managers, 'Agnya' - Coromandel Leadership Development program spread over 9 months for certain senior managers, Building Leadership Skills program with focus on Retail and Manufacturing covering executives, Leadership program for Area Sales Managers of Fertiliser and Crop Protection businesses.

Competency Assessments were completed for functional and behavioural competencies for all executives to track improvements in proficiency levels.

With a view to strengthen the Training Quality Management System in the organisation, Coromandel applied for the ISO 10015 certification, for which an internal pre-audit was completed by QAI.

Coromandel continued its focus on building employee engagement. Gallup employee engagement action planning was completed for certain managers and their teams. Employee engagement continued to be a focus area for the Company and the employee engagement survey conducted by Gallup continued to show improvement over previous surveys.

Coromandel won several awards in the area of talent management.

The Company continued its focus on improving its internal processes to meet multiple, at times conflicting requirements of various stakeholders. The key anchor for this is institutionalising Business Excellence Process in the company through its TQM initiatives in its quest to improve the quality of its products, processes and systems. The Company won many awards from CII, Quality Circle Forum, Indian National Suggestion Scheme Association (INSSAN).

The emphasis on innovation continued through the venture funding process. To date 70 i-leads (Innovation Leaders) have been developed who are spearheading the innovation effort within the organisation. Coromandel was given the Best Practice Award for its Innovation practices by the National HRD Network.

The Company continued its effort on improving communication through various means. The in-house magazine 'The Voice' won many National and International awards.

Coromandel's corporate film won the National Award, 1st Prize, Corporate Film by Public Relations Society of India, New Delhi.

ANNEXURE TO DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of Coromandel International Limited confirm that in the preparation of the Statement of Profit & Loss for the year ended March 31, 2012 and the Balance Sheet as at that date ("financial statements") :

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

On behalf of the Board

Place : Hyderabad
Date : April 23, 2012

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 2011-12.

At Visakhapatnam Plant, the following were implemented:

- Installed capacitor banks for Power factor improvement from 0.97 to near unity.
- Modernised static excitation system for 5 MW turbo Generator for improving operating performance of 5MW turbo power generator.
- Small Group Activity teams have been constituted to constantly look at the energy conservation and other improvement schemes.

At Ankleshwar Plant, MEE 1 & MEE 2 cooling water supply were inter-connected to run with 30 KW pump instead of 60 KW pump.

B. TECHNOLOGY ABSORPTION

Facilities for production of Sulphur Enhanced Fertilisers with Shell Thiogro Technology were installed in Complex Train A at Visakhapatnam plant and commissioned successfully.

At Ankleshwar Plant -

- Acephate technology developed in existing Malathion Plant.
- Modern Effluent Treatment Plant commissioned for enhanced environmental compliance.

C. RESEARCH AND DEVELOPMENT

At Visakhapatnam Plant -

- Improved sulphur bentonite product developed which has shown significant agronomic benefit during farmer trials.
- Two new rocks and several rock blends tested in the pilot plant for phosphoric acid production.

At Ankleshwar Plant -

- Developed in-house process technology for production of Buprofezin Technical and Cyproconazole Technical and later produced the same on commercial scale.
- Worked on developing process technology for some new molecules for production from their intermediates.

During the year the company incurred a sum of ₹ 468 lakhs towards revenue expenditure on account of Research and Development at the Approved In House R&D Units at Visakhapatnam and Ankleshwar. The Company also incurred a sum of ₹ 38 lakhs towards Capital expenditure in respect of Approved In-house R&D units at Vishakapatnam and Ankleshwar.

R&D expenses incurred at the In-House Approved Centres

₹ in Lakhs

Nature of expenses	2011-12	2010-11
Capital expenditure	38	48
Revenue expenditure	468	336

D. FOREIGN EXCHANGE EARNINGS AND OUT GO

Total foreign exchange used and earned:

₹ in Lakhs

	2011-12	2010-11
Used	6,90,373	5,03,046
Earned	11,484	7,290

FORM A

	Current Year 2011-12	Previous Year 2010-11
A. Power and Fuel Consumption		
1. Electricity		
a) Purchased		
Units (Lakh Units)	1,274.22	1,286.28
Amount (₹ Lakhs)	5,577.11	5,020.76
Rate / Unit (₹ / kwh)	4.38	3.90
b) Own generation		
Through DG Sets		
Units (Lakh Units)	19.22	7.83
Units / litre of HSD	3.60	2.85
Rate / Unit (₹ / kwh)	16.68	14.07
Through TG Set		
Units (Lakh Units)	436.94	428.43
Units / litre LSHS		
Rate / Unit (₹ / kwh)	0.18	0.15
2. Coal	Not used	Not used
3. a) Fuel: Furrnace oil / LSHS		
Quantity (K. Litres)	1,627.78	1,612.24
Total cost (₹ Lakhs)	783.12	538.09
Rate / Unit (₹ / K. Litres)	48,110	33,375
b) Compressed Natural Gas		
Quantity SM^3 in Lakhs	65.56	83.68
Total amount (₹ In Lakhs)	1,210.98	1,154.99
Average Rate per 1000 SM^3 (₹)	18,471	13,802
B. Consumption per MT of Fertilisers Produced		
Electricity (KWH)	67.51	61.97
Fuel: Furnace Oil / LSHS (K.Litres)	0.0012	0.0012
Compressed Natural Gas (SM3)	2.95	3.51

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

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

Name, age and Qualification	Designation and nature of duties	Date of commencement of employment	Experience in years	Remuneration (Rs)	Last Employment
Kapil Mehan, 53 Graduate in Veterinary Science, PGDM (Agri) (IIMA)	Managing Director	20.09.2010	31	2,03,45,351	Executive Director Tata Chemicals Limited
P Gopalakrishna, 53 B.Sc (Ag), PGDM (IIMA)	Sr Vice President-Retail	01.12.2003	29	73,51,884	Deputy General Manager-Marketing EID Parry (India) Limited
Arun Leslie George, 45 M.A(SW), PMIR	Sr Vice President & Head of HR	01.10.2003	22	78,58,810	Deputy General Manager-HR EID Parry (India) Limited
Dr G Ravi Prasad, 56 Ph.D in Agricultural Chemicals	President - Marketing Fertilisers & SND	01.04.2007	29	86,34,483	Vice President - Commercial Zuari Industries Limited
S Govindarajan, 49 B.Tech (Mech), GDMM (IIMM)	Sr Vice President & Head of Manufacturing	26.09.1992	27	75,47,225	Asst. Manager National Fertilisers Limited
b) Employed for part of the Financial Year and in receipt of remuneration aggregating ₹5,00,000 per month					
P Nagarajan, 61@ B.Com., BGL. A.C.A.	Sr Vice President & Chief Financial Officer	09.06.1997	37	15,27,000	Sr. Vice President Visakha Industries Ltd.
G Veera Bhadram, 52 M.Sc.(Ag), PGDM (IIMA)	President-Pesticides SBU	01.12.2003	28	58,77,355	General Manager-Marketing EID Parry (India) Limited
Harish Malhotra, 58 B.Sc(Phy), B.E(Mech), M.Tech(Mech)	Sr Vice President-Commercial	01.08.2007	34	58,68,358	General Manager-Materials Zuari Industries Limited

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

@ Remuneration paid under fulltime contract post his retirement.

On behalf of the Board

A Vellayan
Chairman

Place : Hyderabad.
Dated : April 23, 2012

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	2,40,400 were granted during the year. The total options granted is 75,72,000. Each Option gives the grantee a right to subscribe to one equity share of ₹ 1/- each of the company	
b.	The pricing formula	The Options carry a right to subscribe to equity shares at the closing price on the Stock Exchange in which there was highest trading volume, prior to the date of grant of the Options.	
c.	Options vested	42,61,456	
d.	Options exercised	27,75,646	
e.	The total no of shares arising as a result of exercise of option	27,75,646	
f.	Options lapsed/surrendered	14,94,574	
g.	Variation of terms of Option	Vesting schedule has been varied in certain cases	
h.	Money realised by exercise of Options	₹ 3,65,88,534	
i.	Total no of Options in force	33,01,780	
j.	(i) Details of Options granted to Senior Management Personnel	**Name and Designation**	**No of Options granted**
		Mr Kapil Mehan *Managing Director*	9,46,000
		Dr G Ravi Prasad *President- Marketing Fertilisers & SND*	2,70,400
		Mr P Gopalakrishna *Sr Vice President-Retail*	2,70,400
		Mr G Veerabhadram *President-Pesticides SBU*	2,70,400
		Mr Arun Leslie George *Sr Vice President & Head of HR*	2,70,400
		Mr S Govindarajan *Sr Vice President & Head of Manufacturing*	2,70,400
		Mr S Sankarasubramanian *Chief Financial Officer*	1,37,200
	(ii) Any other employee who received a grant in any one year of Option amounting to 5% or more of Options granted during the year	Mr Kapil Mehan	9,46,000
		Dr G Ravi Prasad	2,70,400
		Mr P Gopalakrishna	2,70,400
		Mr Arun Leslie George	2,70,400
		Mr S Govindarajan	2,70,400
		Mr G Veerabhadram	2,70,400
		Ms Hima Srinivas	1,20,000
		Mr C Sitaram	1,44,000
		Mr K Sankaranarayanamoorthy	1,44,000
		Mr Manoj K Agarwal	91,400
		Mr Parvez Shaikh	80,000
		Mr R Vaidyanathan	80,000
		Mr Suri V	96,000
		Mr K Muruganandam	96,400
		Mr M Ravindra Rao	72,000
		Mr M Hari Shankar	72,000

	(iii)	Employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant.	None
k.		Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard AS-20.	₹ 24.43 per share
l.	(i)	Method of calculation of employee compensation cost	The employee compensation cost has been calculated using the intrinsic value method of accounting to account for Options issued under the ESOP Scheme 2007. The stock based compensation cost as per the intrinsic value method for the financial year 2011-12 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.	₹ 2289 lakhs
	(iii)	Impact of the difference mentioned in (ii) above on the profits of the Company	**Net Income** — **₹ in lakhs** As reported — 69327 Less: fair value compensation cost (Black Scholes model) — 2289 67038
	(iv)	Impact of the difference mentioned in (ii) above on the EPS of the Company	— **Basic (₹)** — **Diluted (₹)** As reported — 24.57 — 24.43 As Adjusted — 23.76 — 23.62
m.	(i)	Weighted Average exercise price of Options	₹ 49.76 per equity share
	(ii)	Weighted Average fair value of Options	₹ 50.89 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	8.0%
		(b) Expected life of the Option	4 years
		(c) Expected volatility	0.48 - 0.50
		(d) Expected dividend yields	400%
		(e) Price of the underlying share in market at the time of option grant	**Date of grant** — **Market Price (₹)** 31.08.2007 — 44.58 22.01.2008 — 56.08 22.04.2008 — 67.88 22.07.2008 — 59.95 22.10.2008 — 62.75 18.03.2009 — 45.10 19.10.2010 — 317.30 12.01.2011 — 287.50 21.07.2011 — 334.35 18.10.2011 — 315.00

REPORT ON CORPORATE GOVERNANCE

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

1. Company's Philosophy

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

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

Key elements of corporate governance are transparency, disclosure, supervision and internal controls, risk management, internal and external communications, and high standards of safety, health, environment, accounting fidelity, 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.

2. Board of Directors

- Composition and size of the Board

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

- Board meetings and attendance

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

Sl.No.	Date of Meeting	Board Strength	No. of Directors present
1	April 21, 2011	9	7
2	May 30, 2011 (1st)	9	7
3	May 30, 2011 (2nd)	9	4
4	July 21, 2011	9	8
5	October 18, 2011	9	9
6	January 23, 2012	9	9
7	March 17, 2012	9	8

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

Name and Designation of the Director	Category of Directorship	Attendance particulars		No. of other Directorships and Committee Memberships*		
		Board Meetings	Last AGM	Other Directorships	Committee	
					Member	Chairman
Mr A Vellayan *Chairman*	Non-Executive	7	Yes	5	–	–
Mr V Ravichandran *Vice Chairman*	Non-Executive	7	Yes	4	4	–
Mr Kapil Mehan *Managing Director*	Executive	7	Yes	2	1	–
Mr K Balasubramanian *Director*	Non-Executive & Independent	5	Yes	7	2	5
Dr B V R Mohan Reddy *Director*	Non-Executive & Independent	5	Yes	5	1	–
Mrs Ranjana Kumar *Director*	Non-Executive & Independent	4	No	5	1	1
Mr R A Savoor *Director*	Non-Executive & Independent	5	Yes	5	2	4
Mr M K Tandon *Director*	Non-Executive & Independent	6	Yes	4	2	3
Mr M M Venkatachalam *Director*	Non-Executive	6	Yes	11	-	1

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

2. Audit Committee

- **Terms of Reference/Powers**

  The Terms of Reference/Powers of this Committee are wide enough covering all the matters specified for Audit Committee under the Listing Agreement with Stock Exchanges.

- **Audit Committee meetings and attendance**

  ❖ Four Audit Committee Meetings were held during the year. The dates on which the meetings were held are April 21, 2011, July 21, 2011, October 18, 2011 and January 23, 2012.

  ❖ Details of the composition of the Audit Committee and attendance of Members during the year are as follows:

Name	Designation	Category of Directorship	Attendance
Mr M K Tandon	Chairman	Non-Executive & Independent	4
Mr K Balasubramanian	Member	Non-Executive & Independent	4
Dr B V R Mohan Reddy	Member	Non-Executive & Independent	4
Mr M M Venkatachalam	Member	Non-Executive	3

The Company Secretary is the Secretary of the Committee. The Managing Director, Chief Financial Officer, Senior Vice Presidents, Deputy General Manager-Head of Management Audit, along with the Statutory Auditors and the Cost Auditors are required to attend by invitation to the meeting.

The Chairman of the Audit Committee, Mr M K Tandon, was present at the Annual General Meeting of the Company held on July 21, 2011.

3. Subsidiary Companies

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

4. Remuneration to Directors

a) Remuneration Policy

Executive Directors

- The compensation of the executive directors comprises of fixed component and a performance incentive/commission. The compensation is determined based on levels of responsibility and scales prevailing in the industry. The performance incentive/commission is determined based on certain pre-agreed performance parameters.
- The executive directors are not paid sitting fees for any Board/Committee meetings attended by them.

Non-Executive Directors

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

The details of Shareholdings of the Non Executive Directors in the Company as at March 31, 2012 is as follows:

Name	No. of Shares
Mr A Vellayan	1,18,510
Mr V Ravichandran	50,193
Mr Kapil Mehan	NIL
Mr K Balasubramanian	NIL
Dr B V R Mohan Reddy	48,000
Mrs Ranjana Kumar	Nil
Mr R A Savoor	2,000
Mr M K Tandon	Nil
Mr M M Venkatachalam	1,00,160

b) Remuneration & Nomination Committee

- The main scope of the Committee is to determine and recommend to the Board the persons to be appointed/reappointed as Executive Director/Non Executive Director.
- The Committee also determines and recommends to the Board on the financial component and the incentive/commission to the Executive Directors.
- The Committee has also been appointed for administration of the Employee Stock Option Scheme 2007.
- Remuneration & Nomination Committee meetings and attendance
- Two meetings of the Committee were held during the year. The dates on which the meetings were held are July 21, 2011 and October 18, 2011.

- Details of the composition of the Remuneration & Nomination Committee and attendance of Members during the year are as follows:

Name	Designation	Category of Directorship	Attendance
Mr M K Tandon	Chairman	Non-Executive & Independent	2
Mr R A Savoor	Member	Non-Executive & Independent	2
Mr M M Venkatachalam	Member	Non-Executive	2

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, 2012 is as follows:

₹

Name	Salary	Contribution to Funds	Value of Perk & Allowances	Commission/ Incentive	Total
Mr Kapil Mehan Managing Director	47,94,945	16,78,231	89,55,736	74,51,217*	2,28,80,129

*Includes a sum of `15,00,000/- assured bonus and ₹ 11,56,272/-incentive of 2010-11paid during the year

- 946000 options were granted during the year 2010-11 to Mr Kapil Mehan pursuant to Employee Stock Option Scheme 2007 at an exercise price of ₹ 317.30 per equity share vesting over a period of 4 years with first vesting after one year from the date of grant. These vestings are exercisable over a period of 3 years from the date of vesting. The following is the summary of options granted to Mr Kapil Mehan:

Total Options granted	9,46,000
Options Vested	1,51,360
Options cancelled	37,840
Options Exercised	Nil
Balance Outstanding	7,56,800

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

- 967000 options were granted during the year 2007-08 to Mr V Ravichandran (then Managing Director) pursuant to Employee Stock Option Scheme 2007 at an exercise price of ₹ 44.58 per equity share exercisable over a period of 3 years from the date of vesting. The following is the summary of options granted to Mr V Ravichandran:

Total Options granted	9,67,000
Options Vested (net of options lapsed)	9,37,990
Options Exercised	6,09,000
Balance Outstanding	2,78,990

- The details of sitting fees and commission paid/payable to Non-Executive Directors for the financial year ended March 31, 2012:

Non-Executive Directors	Sitting Fees (₹)	Commission (₹)
Mr A Vellayan	1,25,000	2,00,00,000
Mr V Ravichandran	1,25,000	5,00,000
Mr K Balasubramanian	1,35,000	5,00,000
Dr B V R Mohan Reddy	1,35,000	5,00,000
Mrs Ranjana Kumar	80,000	5,00,000
Mr R A Savoor	95,000	5,00,000
Mr M K Tandon	1,90,000	5,00,000
Mr M M Venkatachalam	1,55,000	5,00,000
TOTAL	**10,40,000**	**2,35,00,000**

5. Share Transfer & Investors' Grievance Committee

- Two meetings of the Committee were held during the year. The dates on which the meetings were held are October 18, 2011 and March 17, 2012.
- Details of the composition of the Share Transfer & Investors' Grievance Committee and attendance of Members during the year are as follows:

Name of the Director	Designation	Category of Directorship	Attendance
Mr M K Tandon	Chairman	Non-Executive & Independent	2
Mr A Vellayan	Member	Non-Executive	2
Mr V Ravichandran	Member	Non-Executive	2

- Name, designation and address of the Compliance Officer:

Mr M R Rajaram
Company Secretary
Coromandel House
Secunderabad 500 003
Phone: (040) 27842034
Fax : (040) 27844117
Email ID: Investorsgrievance@coromandel.murugappa.com

- During the year the Company had received 18 complaints from the shareholders and all of them were resolved satisfactorily. There were no transfers pending at the close of the financial year.
- In order to facilitate faster redressal of investors' grievances the Company has created an exclusive email ID "Investorsgrievance@coromandel.murugappa.com". Investors' and shareholders may lodge their query/complaints addressed to this email ID which would be attended to immediately.

6. General Body Meetings:

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

Year	Location	Date	Time
2008-2009	Hotel Minerva Grand, CMR Complex, Besides Manju Theatre, Sarojini Devi Road, Secunderabad	21/07/2009	10.30 AM
2009-2010		22/07/2010	10.30 AM
2010-2011		21/07/2011	10.30 AM

- Special Resolution relating to change of name of the Company from 'Coromandel Fertilisers Limited' to 'Coromandel International Limited'

Postal Ballot

- One Postal Ballot was conducted in the year 2011-12 seeking Members' approval for the purpose of transfer/assign the lease rights on the land leased from Maharashtra Industrial Development Corporation (MIDC) at Plot No.22/1, TTC Industrial Area, Mahape Post, Navi Mumbai. Mr S Anand S S Rao, Practicing Company Secretary was appointed as Scrutinizer to conduct the Postal Ballot. In all 2,157 Postal Ballots forms were received, out of which, 32 were invalid. 2,065 members holding 187963357 equity shares representing 99.15% of the equity capital approved the Special Resolution and 60 members holding 1599915 equity shares representing 0.85% of the equity capital dissented to the resolution. The Chairman announced the result of the Postal Ballot on December 23, 2011.
- At the ensuing Annual General Meeting, there is no item on the Agenda that requires approval through Postal Ballot.

Court Convened Meeting

- 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 February 22, 2012 at 10.00 AM to approve the Scheme of Arrangement proposed to be made between the Company and its Members for the issue of Unsecured, Redeemable, Non Convertible, Fully Paid Up Bonus Debentures of the Company from its General Reserve to its Members.

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

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

Mr M K Tandon, Mr R A Savoor and Mr M M Venkatachalam retire by rotation at the ensuing Annual General Meeting. However, Mr M K Tandon and Mr R A Savoor have conveyed in writing their unwillingness to offer themselves for re-appointment as Directors.

Mr M M Venkatachalam being eligible offers himself for re-appointment. A brief resume of Mr Venkatachalam along with the additional information required under Clause 49(VI)(A) of the Listing Agreement is as under:

Mr M M Venkatachalam (53) 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 period of two and a half decades. Mr Venkatachalam is presently the Chairman of Parry Enterprises India Limited, Coromandel Engineering Company Ltd. and Parry Agro Industries Ltd. He also serves on the Boards of USV Ltd, Parry Murray & Company Limited and Ramco Systems Ltd.

6b. Other Directorships

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

Name of the Company	Chairmanship/ Directorship	Committee	Chairman/ Member
Parry Enterprises India Ltd	Chairman	–	–
Coromandel Engineering Company Ltd	Chairman	–	–
Parry Agro Industries Ltd.	Chairman	–	–
Cholamandalam Factoring Ltd	Director	–	–
Ramco Systems Ltd	Director	Audit	Chairman
Polutech Ltd.	Director	–	–
Ambadi Enterprises Ltd	Director	–	–
USV Limited	Director	–	–
Sabero Organics Gujarat Limited	Director	–	–
Parry Murray and Company Furnishings & Floor Coverings (India) Private Ltd.	Director	–	–
New Ambadi Estates Pvt. Ltd.	Director	–	–

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

6c. Mr M M Venkatachalam holds 100160 shares in the Company and belongs to the promoter group.

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 37 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 material Show Cause/Demand Notices received from Statutory Authorities and the steps/action taken by the Company in this regard. The Board reviews the compliance of all the applicable Laws and gives appropriate directions wherever necessary.

- **Code of Conduct**

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

- **Risk Management**

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

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

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

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

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

- **Strictures/Penalty**

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

- **Management Discussion and Analysis**

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

8. Means of Communication

Quarterly results are published in The Business Line (all editions) and Andhra Prabha (Hyderabad Edition). In addition, the first half yearly report of the financial results are being mailed to all the shareholders. The results are also posted on the Company's Website: www.coromandel.biz. Presentation made to the Analysts is posted on the Company's Website

9. General Shareholder Information

• Date, Time & Venue of AGM	July 23, 2012 at 10.30 AM at Hotel Minerva Grand CMR Complex, Beside Manju Theatre Sarojini Devi Road Secunderabad 500 003
• Financial Calendar	i) Financial Year - April to March ii) First Quarter Results - last week of July 2012* iii) Half-yearly Results - last week of October 2012* iv) Third Quarter Results - last week of January 2013* v) Results for the year ending March 31, 2013- last week of June 2013* *provisional
• Date of Book Closure	July 17, 2012 to July 23, 2012 (both days inclusive)
• Dividend 2011-12	Interim Dividend: 400% Proposed final Dividend: 300% (subject to the approval by members at the AGM)
• Dividend Payment date (s)	On or after July 23, 2012

• Listing of Shares	Company's shares are listed at: Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers Dalal Street Mumbai 400 001 National Stock Exchange of India Ltd Exchange Plaza, 5th Floor Plot No.C/1, G Block Bandra-Kurla Complex Bandra (E), Mumbai 400 051 Listing fees for the year have been paid to all the above Stock Exchanges.
• Stock Code:	
- The Bombay Stock Exchange Limited	Physical Scrip Code No.6395 Demat Scrip Code No.506395
- National Stock Exchange of India Ltd	COROMANDEL
• ISIN for (shares) of NSDL & CDSL	INE 169A01031
• Market Price Data: High, Low during each month in last Financial year/Performance in comparison to BSE Sensex and S&P CNX Nifty	Please see Annexure 'A'
• Registrar and Transfer Agents	Karvy Computershare Pvt. Ltd Plot No.17-24, Vithal Rao Nagar Madhapur, Hyderabad 500 081 Tel.No.(040) 23420815 - 828 Fax No.(040) 23420814
• Share Transfer System	All the transfers received are processed and approved by the Share Transfer & Investors' Grievance Committee at its meetings or by circular resolutions.
• Employee Stock Option Scheme	The Company has earmarked 1,27,85,976 equity shares of ₹ 1/- each under the Employee Stock Option Scheme 2007. Each Option is convertible into an equity share of ₹ 1/- each. As on March 31, 2012, 33,01,780 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 Shareholding pattern as on 31.3.2012	Please see Annexure 'B'
• Dematerialisation of shares and Liquidity	96.07% of the shareholding has been dematerialized as on 31.03.2012
• Plant Locations	The Company's plants are located at a) Malkapuram, Visakhapatnam, A.P. b) Beach Road, Kakinada, A.P. c) Ennore, Chennai, Tamil Nadu d) Ranipet, North Arcot, Tamil Nadu e) Ankleshwar, Gujarat f) Baribrahmana, Jammu & Kashmir

- Registered Office / Address for Correspondence

Coromandel International Limited
Coromandel House
1-2-10, Sardar Patel Road
Secunderabad 500 003
Tel.No.040 27842034
Fax: 040 27844117
email: rajarammr@coromandel.murugappa.com
parvathikr@coromandel.murugappa.com

- Nomination Facility

The Companies (Amendment) Act, 1999 has introduced through Section 109A, the facility of nomination to share / debenture / deposit holders. The facility is mainly useful for all those holding the shares / debentures / deposits in single name. In cases where the securities / deposits are held in joint names, the nomination will be effective only in the event of the death of all the holders.

Investors are advised to avail of this facility, especially investors holding securities in single name.

The nomination form may be had on request from the Company's Registrars & Transfer Agents for the shares held in physical form. For the shares held in dematerialized form, the nomination has to be conveyed by the shareholders to their respective Depository Participant directly, as per the format prescribed by them.

10. NON-MANDATORY REQUIREMENT

a. Remuneration & Nomination Committee

The Board has constituted a Remuneration & Nomination Committee with three Non- Executive Directors. The Committee reviews and recommends to the Board on appointment / reappointment of Directors and recommends to the Board the remuneration package and incentive/commission on profits to the Executive Directors.

b. Shareholder Rights

Quarterly financial results are published in leading newspapers, viz. The Business Line and vernacular - Andhra Prabha In addition, the first half yearly report of the financial results are being mailed to all the shareholders. The audited results for the financial year are approved by the Board and then communicated to the members through the Annual Report and also published in the newspapers.

c. Whistle Blower Policy

The Company has established a whistle blower mechanism to provide an avenue to raise concerns. The mechanism provides for adequate safeguards against victimization of employees who avail of it and also for appointment of an Ombudsperson who will deal with the complaints received. The policy also lays down the process to be followed for dealing with complaints and in exceptional cases, also provides for direct appeal to the Chairperson of the Audit Committee. We further affirm that during the year, no employee was denied access to the audit committee.

d. Other Non-Mandatory Requirements

Other non mandatory requirements have not been adopted by the Company for the present.

11. OTHER REQUIREMENTS

a. Unclaimed shares

As per Clause 5A of the amended Equity Listing Agreement with the Stock Exchanges, all physical shares, which remain unclaimed by shareholders, need to be demated by the Company and kept in an "Unclaimed Suspense Account" to be opened by the Company for this purpose. As per the clause, the Company is required to send three reminders to the respective shareholders before transferring the physical shares to the "Unclaimed Suspense Account". The Company has sent three reminders to such shareholders to claim their respective shares. Consequent to this, the Company had opened "Coromandel International Limited Unclaimed Suspense Account" with Karvy Stock Broking

Ltd. and transferred 23,12,330 unclaimed shares into the "Unclaimed Suspense Account" as detailed below:

No of share-holders	6,201
Outstanding shares in the suspense account lying as on March 20, 2012	23,12,330
Number of shareholders who approached issuer for transfer of shares from suspense account during the year	Nil
Number of shareholders to whom shares were transferred from suspense account during the year	Nil
Aggregate number of shareholders at the end of the year	6,201
Aggregate number of shares at the end of the year	23,12,330

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

b. **Voluntary guidelines on Corporate Governance**

The Ministry of Corporate Affairs had announced a set of voluntary guidelines on Corporate Governance. The Company, in line with its stated policy of being committed to the principles and practices of good corporate governance, is in compliance with many of these guidelines, as reported in the earlier paragraphs. As regards the remaining guidelines, the Company is in the process of evaluating the feasibility for implementation progressively.

On behalf of the Board

Place : Hyderabad
Dated : April 23, 2012

A Vellayan
Chairman

CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF LISTING AGREEMENT WITH THE STOCK EXCHANGES IN INDIA

Certificate

To the Members of Coromandel International Limited

We have examined the compliance of conditions of Corporate Governance by **Coromandel International Limited** ("the Company") for the year ended on March 31,2012, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

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

Ganesh Balakrishnan
Partner
(Membership No.201193)

HYDERABAD, April 23, 2012

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, 2012 as envisaged in clause 49 of the listing agreement with stock exchanges.

Place : Hyderabad
Dated : April 23, 2012

Kapil Mehan
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) and performance of shares in comparison to BSE Sensex and S&P CNX Nifty during the period from April 1,2011 to March 31, 2012 is furnished below:

Period	The Bombay Stock Exchange Ltd., (₹)		Sensex Index		National Stock Exchange of India Ltd., (₹)		S&P CNX Nifty Total Return Index Value	
	High	Low	High	Low	High	Low	High	Low
Apr 2011	359.50	285.30	19,811.14	18,976.19	359.90	286.00	5,944.45	5,693.25
May 2011	376.00	301.00	19,253.87	17,786.13	332.95	299.60	5,775.25	5,328.70
Jun 2011	356.50	307.10	18,873.39	17,314.38	356.35	307.10	5,657.90	5,195.90
July 2011	357.90	314.30	19,131.70	18,131.86	359.00	314.00	5,740.40	5,453.95
Aug 2011	333.00	297.00	18,440.07	15,765.53	336.90	297.00	5,551.90	4,720.00
Sep 2011	326.00	280.00	17,211.80	15,801.01	329.95	284.00	5,169.25	4,758.85
Oct 2011	342.00	289.00	17,908.13	15,745.43	343.00	292.10	5,399.70	4,728.30
Nov 2011	335.60	284.05	17,702.26	15,478.69	335.75	283.20	5,326.45	4,639.10
Dec 2011	308.30	253.10	17,003.71	15,135.86	308.40	251.25	5,099.25	4,531.15
Jan 2012	294.00	257.00	17,258.97	15,358.02	294.90	254.30	5,217.00	4,588.05
Feb 2012	283.00	255.00	18,523.78	17,061.55	283.00	258.00	5,629.95	5,159.00
Mar 2012	313.90	273.15	18,040.69	16,920.61	314.00	273.70	5,499.40	5,135.95

Annexure 'B'

DISTRIBUTION OF HOLDINGS AS ON 31.03.2012

No. of equity shares held	No. of shares	%	No. of shareholders	%
1 - 5000	1,97,09,852	6.98	49201	98.34
5001 - 10000	27,37,719	0.97	379	0.76
10001 - 20000	23,74,173	0.84	162	0.32
20001 - 30000	16,32,399	0.58	66	0.13
30001 - 40000	10,62,485	0.38	31	0.06
40001 - 50000	10,49,347	0.37	23	0.05
50001 - 100000	33,76,234	1.19	48	0.10
100001 and above	25,06,27,333	88.70	119	0.24
TOTAL	**28,25,69,542**	**100**	**50,029**	**100**
Physical mode	**1,10,91,223**	**3.93**	**18,499**	**36.98**
Demat mode	**27,14,78,319**	**96.07**	**31,530**	**63.02**

SHAREHOLDING PATTERN AS ON 31.03.2012

Sl.No.	Category	No. of shares	%
1	Promoters	180585168	63.91
2	Mutual Funds	14220627	5.03
3	Banks, Financial Institutions & Insurance Companies	6282295	2.22
4	Foreign Institutional Investors	21834143	7.73
5	Private Corporate Bodies	9494842	3.36
6	Indian Public	37152179	13.15
7	NRI's	2794220	0.99
8	Foreign Nationals	69060	0.02
9	Foreign Bank	1840	0.00
10	Foreign Corporate Bodies	9925070	3.51
11	Trusts	45156	0.02
12	Clearing Members	164942	0.06
	TOTAL	282569542	100

STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

AUDITORS' REPORT

TO THE MEMBERS OF
COROMANDEL INTERNATIONAL LIMITED

1. We have audited the attached Balance Sheet of **COROMANDEL INTERNATIONAL LIMITED** ("the Company") as at 31 March 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the 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 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. 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 it appears from our examination of those books;

    c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

    d. in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

    e. in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and 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 31 March 2012;

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

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

5. On the basis of the written representations received from the directors as on 31 March 2012 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

Ganesh Balakrishnan
Partner
(Membership No.201193)

HYDERABAD, April 23, 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

(i) Having regard to the nature of the Company's business/activities/result, clauses (x), (xii), (xiii), (xiv), (xviii), (xix) and (xx) of CARO are not applicable.

(ii) In respect of its fixed assets:

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

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

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

(iii) In respect of its inventory:

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

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

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

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

(a) The Company has granted loans aggregating ₹ 4950 Lakhs to three parties during the year. All the loans granted were repaid before the year end and the maximum amount involved during the year was ₹ 4950 Lakhs (number of parties three).

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

(c) The receipts of principal amounts and interest have been as per stipulations.

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

According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and accordingly clauses 4 (iii)(f) and (g) of CARO are not applicable.

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

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

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

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

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

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

(ix) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of fertilisers and insecticides and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.

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

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

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31 March, 2012 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31 March, 2012 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (₹ in lakhs)
Karnataka Sales Tax Act, 1957	Value added tax	Joint Commissioner (Appeals)	2005-06 to 2007-08	34
West Bengal Sales Tax Act, 1994	Sales tax	Assistant Commissioner (Appeals)	2002-2003	4
Andhra Pradesh General Sales Tax Act, 1957	Sales tax	Additional Commissioner Legal	1995-1996 to 1997-1998,	27
		Sales Tax Appellate Tribunal	2000-2001to 2003-2004 and 2005-2006	70
Uttar Pradesh Value Added Tax Act, 2008	Sales tax	Additional Commissioner (Appeals)	2005-2006 to 2007-2008, 2010-11	30
Electricity Supply Act, 1948	Electricity Cess	High Court Andhra Pradesh	2003-2012	158
Central Excise Act, 1944	Excise duty	High Court Andhra Pradesh	2003-04	241
		CESTAT	1998-2000, 2001-02, 2002-03, 2004-05 to 2008-09	222
		Commissioner (Appeals)	2005-07 and 2011-12	14
The Customs Act, 1962	Customs duty	CESTAT	1998-1999	11
		Commissioner (Appeals)	2009-2010	25
The Finance Act, 1994	Service tax	CESTAT	October 2007 to October 2011	59

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

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

(xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.

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

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

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

Ganesh Balakrishnan
Partner
(Membership No.201193)

HYDERABAD, April 23, 2012

Balance Sheet as at 31 March 2012

(₹ in Lakhs)

	Note	As at 31 March 2012	As at 31 March 2011
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	1	2826	2818
(b) Reserves and surplus	2	234293	187593
		237119	190411
2. Non-current liabilities			
(a) Long-term borrowings	3	27279	14080
(b) Deferred tax liabilities (net)	4	6745	8145
(c) Other long-term liabilities	5	3399	3000
(d) Long-term provisions	6	1629	1459
		39052	26684
3. Current liabilities			
(a) Short-term borrowings	7	214475	122340
(b) Trade payables	8	204272	151082
(c) Other current liabilities	9	22451	20095
(d) Short-term provisions	10	13234	11768
		454432	305285
TOTAL		**730603**	522380
II. ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11A	80040	79370
(ii) Intangible assets	11B	670	-
(iii) Capital work-in-progress		13313	2064
		94023	81434
(b) Non-current investments	12	62790	21231
(c) Long-term loans and advances	13	5140	5383
		161953	108048
2. Current assets			
(a) Current investments	14	4	4
(b) Inventories	15	185561	151312
(c) Trade receivables	16	88702	20241
(d) Cash and bank balances	17	91785	90205
(e) Short-term loans and advances	18	201338	108763
(f) Other current assets	19	1260	43807
		568650	414332
TOTAL		**730603**	522380

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

GANESH BALAKRISHNAN
Partner

Place: Hyderabad
Date : 23 April 2012

For and on behalf of the Board of Directors

KAPIL MEHAN
Managing Director

A. VELLAYAN
Chairman

S. SANKARASUBRAMANIAN
Chief Financial Officer

M.R. RAJARAM
Company Secretary

Statement of Profit and Loss for the year ended 31 March 2012

(₹ in Lakhs)

	Note	For the year ended 31 March 2012	For the year ended 31 March 2011
I. Revenue			
Revenue from operations			
Sales (gross)		505421	332486
Less: Excise duty		8534	5693
Sales (net)	36 (c)	496887	326793
Government subsidies		474639	426289
Other operating revenue	20	10801	10844
		982327	763926
Other income	21	11667	7976
Total revenue		**993994**	771902
II. Expenses			
Cost of materials consumed	36 (a)	586065	499107
Purchases of stock-in-trade	36 (b)	193491	88569
Changes in inventories of finished goods, work-in-process and stock-in-trade	22	(25887)	(21997)
Employee benefits expense	23	18822	15788
Finance costs	24	11651	8629
Depreciation and amortisation expense	11A/11B	5616	6174
Other expenses	25	103706	76786
Total expenses		**893464**	673056
III. Profit before exceptional items and tax (I - II)		**100530**	98846
IV. Exceptional item	26 (b)	3553	–
V. Profit before tax (III - IV)		**96977**	98846
VI. Tax expense:			
Current tax		29050	29800
Deferred tax		(1400)	(400)
		27650	29400
VII. Profit for the year (V - VI)		**69327**	69446
Earnings per equity share of ₹1/- each	29		
Basic (₹)		24.57	24.69
Diluted (₹)		24.43	24.46
See accompanying notes forming part of the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

GANESH BALAKRISHNAN
Partner

Place: Hyderabad
Date : 23 April 2012

For and on behalf of the Board of Directors

KAPIL MEHAN
Managing Director

A. VELLAYAN
Chairman

S. SANKARASUBRAMANIAN
Chief Financial Officer

M.R. RAJARAM
Company Secretary

Cash Flow Statement for the year ended 31 March 2012

(₹ in Lakhs)

		For the year ended 31 March 2012	For the year ended 31 March 2011
Cash flow from operating activities			
Profit before tax		**96977**	98846
Adjustments for:			
Depreciation and amortisation expense		5616	6174
Loss on sale of fixed assets		55	53
Loss on sale of fertiliser special bonds		5275	3718
Exchange differences (net)		9538	760
Adjustment to the carrying value of current investments		–	2
Provision for doubtful trade receivables and other liabilities no longer required, written back		(84)	(1256)
Provision for mark to market on Fertiliser Companies' Government of India Special Bonds no longer required, written back		(6889)	(6889)
Provision for doubtful trade and other receivables, loans and advances		169	155
Bad debts written off		15	34
Provision for employee benefits		152	200
Interest expense		11651	8629
Interest income		(5260)	(6720)
Dividend income		(6407)	(1256)
Operating profit before working capital changes		**110808**	102450
Changes in working capital:			
Trade payables		53363	78852
Other current liabilities		(1557)	211
Other long-term liabilities		399	–
Trade receivables		(68633)	(6028)
Inventories		(34249)	(58667)
Long-term loans and advances		(594)	40
Short-term loans and advances		(62442)	(49664)
Increase/(decrease) in restricted cash		–	31
Proceeds from sale of Fertiliser Companies' Government of India Special Bonds		41461	46169
Cash generated from operations		**38556**	113394
Direct taxes paid (net of refunds)		(27591)	(29496)
Net cash flow from operating activities	**(A)**	**10965**	83898
Cash flows from investing activities			
Purchase of fixed assets, including capital work-in-progress and capital advances		(16907)	(9533)
Proceeds from sale of fixed assets		344	164
Investment in subsidiaries		(41,139)	(130)
Purchase of non-current investments (Refer Note 3 below)		(420)	(468)
Inter-corporate deposits placed		(61932)	–
Inter-corporate deposits matured		34950	–
Purchase of current investments - mutual fund units		(683600)	(516600)
Proceeds from sale of current investments - mutual fund units		683600	516600
Interest received		5016	7447
Dividend received from current and non-current investments		6407	1256
Net cash used in investing activities	**(B)**	**(73681)**	(1264)

Cash Flow Statement (Contd.)

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
Cash flow from financing activities		
Proceeds from issue of equity shares on exercise of employee stock options	367	598
Proceeds from long-term borrowings	17863	9090
Repayment of long-term borrowings	(557)	(2089)
Increase/(decrease) in short-term borrowings	81428	(53163)
Dividend paid including tax thereon	(22961)	(19690)
Interest and other borrowing costs paid	(12146)	(8376)
Net cash from/ (used in) financing activities (C)	**63994**	(73630)
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	1278	9004
Cash and cash equivalents at the beginning of the year	89382	80378
Cash and cash equivalents at the end of the year	**90660**	89382

Notes:

1. Cash Flow Statement has been prepared under the Indirect method as set out in the Accounting Standard 3 on Cash Flow Statements.
2. Reconciliation of Cash and cash equivalents at the end of the year with Cash and bank balances as per Note 17:

	For the year ended 31 March 2012	For the year ended 31 March 2011
Cash and bank balances as per Note 17	91785	90205
Less: Balances in earmarked accounts		
- Dividend accounts	1121	819
- Margin money accounts	4	4
Cash and cash equivalents at the end of the year	**90660**	89382

3. Pursuant to the Scheme of Amalgamation of Pasura Bio-Tech Private Limited (PBPL) with the Company, cash and cash equivalents as at 1 April 2010 amounting to ₹10 lakhs were taken over by the Company. During the previous year, purchase of non-current investments include an amount of ₹468 lakhs (net of cash acquired) paid for the acquisition of PBPL (Refer Note 27).

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

GANESH BALAKRISHNAN
Partner

Place: Hyderabad
Date : 23 April 2012

For and on behalf of the Board of Directors

KAPIL MEHAN
Managing Director

A. VELLAYAN
Chairman

S. SANKARASUBRAMANIAN
Chief Financial Officer

M.R. RAJARAM
Company Secretary

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
Note 1: Share capital		
Authorised		
35,00,00,000 (2011: 35,00,00,000) equity shares of ₹1/- each	3500	3500
Issued, subscribed and fully paid up		
28,25,69,542 (2011: 28,18,34,198) equity shares of ₹1/- each	2826	2818

Notes:

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

	Year ended 31 March 2012		Year ended 31 March 2011	
	Number	₹ in lakhs	Number#	₹ in lakhs
Per last Balance Sheet	281834198	2818	280546488	2805
Add: Equity shares allotted pursuant to exercise of stock options	735344	8	1287710	13
Balance at the end of the year	282569542	2826	281834198	2818

#adjusted to reflect the sub-division of 14,02,73,244 equity shares of ₹2/- each to 28,05,46,488 equity shares of ₹1/- each during the year ended 31 March 2011

(ii) **Rights, preferences and restrictions attached to equity shares**

The Company has one class of equity shares having a face value of ₹1 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in the case of interim dividend.

(iii) As at 31 March 2012, E.I.D.-Parry (India) Limited (Holding Company) held 17,71,55,580 (2011: 17,71,55,580) equity shares of ₹1/- each fully paid-up representing 62.69% (2011: 62.86%) of the paid-up capital. There are no other shareholders holding more than 5% of the issued capital.

(iv) As at 31 March 2012, shares reserved for issue under the 'ESOP 2007' scheme is 1,00,10,330 (2011: 1,07,45,674) equity shares of ₹1/- each (refer Note 28)

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

(a) 8,31,981 equity shares of ₹2/- each fully paid up were 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, Rasilah Investments Limited and the Company during the year ended 31 March 2007.

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

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
Note 2: Reserves and surplus		
(i) Capital reserve (on Amalgamation)		
Per last Balance Sheet	**13565**	13565
(ii) Capital reserve		
Per last Balance Sheet	19	15
Add: Transferred on amalgamation (Refer Note 27)	–	4
	19	19
(iii) Capital redemption reserve		
Per last Balance Sheet	**486**	486
(iv) Securities premium account		
Per last Balance Sheet	6936	6351
Add: Received on exercise of employee stock options	359	585
	7295	6936
(v) Central subsidy		
Per last Balance Sheet	**11**	11
(vi) General reserve		
Per last Balance Sheet	134801	99962
Less: On amalgamation (Refer Note 27)	-	161
Add: Transfer from Surplus in the Statement of Profit and Loss	30000	35000
	164801	134801
(vii) Surplus in the Statement of Profit and Loss		
Per last Balance Sheet	31790	20318
Add: Profit for the year	69327	69446
Less: Interim dividend (includes ₹5 lakhs on final dividend for 2010-2011)	11301	11275
Proposed final dividend	8477	8455
Dividend distribution tax (includes ₹1 lakh on final dividend for 2010-2011)	3208	3244
Transfer to general reserve	30000	35000
	48131	31790
(i)+(ii)+(iii)+(iv)+(v)+(vi)+(vii)	**234308**	187608
Less: Amalgamation adjustment account	**(15)**	(15)
	234293	187593
Note 3: Long-term borrowings		
Secured		
Term Loans		
Banks	27279	14080
	27279	14080

Note:
The term loans from banks comprise of External Commercial Borrowings (ECB) and are secured by an exclusive charge on certain fixed assets of Visakhapatnam plant. These loans are repayable over the next six years and have been fully hedged for exchange and interest rates. For ECB aggregating ₹18,088 lakhs as at 31 March 2012 charge is pending creation. The above loans carry interest rates with spread ranging 170 bps to 240 bps over 3 months LIBOR.

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
Note 4: Deferred tax liabilities (net)		
Deferred tax liability:		
On account of depreciation	9365	9098
Deferred tax asset:		
On employees separation and retirement costs	409	504
On provision for doubtful trade and other receivables	247	202
On statutory dues allowable on payment basis	415	247
Other timing differences	1549	–
	2620	953
Deferred tax liabilities (net)	**6745**	8145
Note 5: Other long-term liabilities		
Security deposits	3399	3000
	3399	3000
Note 6: Long-term provisions		
Gratuity (Refer Note 38a)	257	309
Compensated absences	737	686
Other employee benefits	635	464
	1629	1459
Note 7: Short-term borrowings		
Loans repayable on demand from banks		
Secured	46085	24135
Unsecured	118390	98205
Short-term loans from banks		
Unsecured	50000	–
	214475	122340

Notes:

(i) Secured short-term borrowings comprises working capital and demand loans. Such borrowings from banks are secured by a pari-passu charge of stock of raw materials, work-in-process, finished goods, stores and spare parts and book debts including subsidy receivables of the Company. Working capital demand loan from State Bank of India is further secured by a second charge on the movable fixed assets of the Company.

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

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
Note 8: Trade payables		
(Refer Note 52a for details of dues to micro and small enterprises)		
Acceptances	85223	1527
Other than acceptances	119049	149555
	204272	151082
Note 9: Other current liabilities		
Current maturities of long-term debt (Refer Note (i) below)	4656	557
Interest accrued but not due on borrowings	714	490
Interest accrued but not due on others	531	460
Advances from customers	2010	8509
Unclaimed dividends (Refer Note (ii) below)	1121	819
Security and trade deposits received	7458	7140
Payables on purchase of fixed assets	377	100
Other liabilities (including statutory remittances)	5584	2020
	22451	20095

Notes:

(i) Refer Note 3 - long-term borrowings for details of security. Includes ₹Nil (2011: ₹3 lakhs) towards sales tax deferral.

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

(iii) As at 31 March 2012, cheques aggregating ₹0.23 lakhs (2011: ₹0.23 lakhs) were issued but not encashed on account of fixed deposit refunds

	As at 31 March 2012	As at 31 March 2011
Note 10: Short-term provisions		
Employee benefits	355	373
Current tax (net of advance tax)	3027	1568
Proposed dividend	8477	8455
Tax on proposed dividend	1375	1372
	13234	11768

...Notes

Note 11A: Tangible assets

(₹ in Lakhs)

Description	COST or VALUATION				DEPRECIATION / AMORTISATION				NET BOOK VALUE	
	As at 1 April 2011	Additions	Deductions/ Adjustments	**As at 31 March 2012**	Upto 1 April 2011	For the year	On Deductions/ Adjustments	**Upto 31 March 2012**	**As at 31 March 2012**	As at 31 March 2011
Land										
- Freehold	26068	–	90	25978	–	–	–	–	25978	26068
- Leasehold	1297	–	–	1297	176	19	–	195	1102	1121
Buildings	10508	554	61	11001	2113	302	5	2410	8591	8395
Roads	860	–	–	860	210	16	–	226	634	650
Railway siding	702	49	27	724	337	33	9	361	363	365
Plant and equipment										
- Research and development	562	37	–	599	98	41	31	108	491	464
- Others	87450	5024	1561	90913	48408	4042	1364	51086	39827	39042
Office equipment										
- Research and development	6	1	–	7	3	2	–	5	2	3
- Others	2847	375	74	3148	1739	430	86	2083	1065	1108
Furniture and fixtures										
- Research and development	26	–	–	26	3	2	–	5	21	23
- Others	2521	332	37	2816	1206	428	–	1634	1182	1315
Vehicles	1563	269	139	1693	747	257	95	909	784	816
Total	**134410**	**6641**	**1989**	**139062**	**55040**	**5572**	**1590**	**59022**	**80040**	**79370**
Previous year	**129949**	**4921**	**907**	**134410[b]**	**49545**	**6174**	**690**	**55040[b]**	**79370[b]**	
Capital work-in-progress									13313	2064

Notes:

a. Additions to fixed assets for the year include borrowing costs capitalised. Also refer Note 34

b. Previous year figures include assets taken over at book values (cost ₹447 lakhs and accumulated depreciation ₹11 lakhs) pursuant to the Scheme of Amalgamation of Pasura Bio-Tech Private Limited (PBPL) with the Company (Refer Note 27)

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

Note 11B: Intangible assets

Description	COST or VALUATION				DEPRECIATION / AMORTISATION				NET BOOK VALUE	
	As at 1 April 2011	Additions	Deductions/ Adjustments	**As at 31 March 2012**	Upto 1 April 2011	For the year	On Deductions/ Adjustments	**Upto 31 March 2012**	**As at 31 March 2012**	As at 31 March 2011
Technical know-how	11	714	–	725	11	44	–	55	670	–
	11	**714**	**–**	**725**	**11**	**44**	**–**	**55**	**670**	**–**
Previous year	**11**	**–**	**–**	**11**	**11**	**–**	**–**	**11**	**–**	**–**

Depreciation and amortisation expense for the year	**5616**
Previous year	*6174*

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
Note 12: Non-current investments		
(At cost unless otherwise stated)		
I. **Trade**		
A. **Subsidiaries - Quoted**		
Sabero Organics Gujarat Limited		
2,47,98,112 Equity shares of ₹10 each, fully paid-up	40051	–
B. **Subsidiaries - Unquoted**		
Parry Chemicals Limited	1000	50
1,00,00,000 (2011: 5,00,000) Equity shares of ₹10/- each, fully paid-up		
CFL Mauritius Limited	7774	7774
1,80,25,000 (2011: 1,80,25,000) Ordinary shares of USD 1 each, fully paid-up		
Coromandel Brasil Limitada , Limited Liability Partnership	377	239
14,850 (2011: 9,900) Quotas of Brazilian Real 100 each, fully paid-up		
	9151	8063
C. **Joint venture companies - Unquoted**		
Tunisian Indian Fertilisers S.A.	11862	11862
33,75,000 (2011: 33,75,000) Ordinary shares of Tunisian Dinars (TND) 10 each fully paid up [Refer Note (i) below]		
Coromandel Getax Phosphates Pte Limited	219	219
5,00,000 (2011: 5,00,000) Ordinary shares of USD 1 each, fully paid-up		
Coromandel SQM (India) Private Limited	500	200
50,00,000 (2011 : 19,97,300) Ordinary shares of ₹10 each, fully paid-up		
	12581	12281
D. **Others - Unquoted**		
Prathyusha Chemicals and Fertilisers Limited		
10,01,000 (2011: 10,01,000) Equity shares of ₹10/- each, fully paid-up	143	143
Less: Provision for diminution in value [Refer Note (ii) below]	141	141
	2	2
Indian Potash Limited	5	5
90,000 (2011: 90,000) Equity shares of ₹10/- each, fully paid-up		
Foskor (Pty) Limited	23	23
1,99,590 (2011: 1,99,590) Ordinary shares of South African Rand 1 each fully paid-up		
Murugappa Management Services Limited	73	73
16,139 (2011: 16,139) Equity shares of ₹450/- each fully paid up		
Bharuch Enviro Infrastructure Limited	2	2
16,100 (2011: 16,100) Equity shares of ₹10/- each, fully paid-up		
Bharuch Eco Aqua Infrastructure Limited	28	28
2,75,000 (2011: 2,75,000) Equity shares of ₹10/- each, fully paid-up		
A.P.Gas Power Corporation Limited	754	754
13,40,000 (2011: 13,40,000) Equity shares of ₹10/- each fully paid-up		
	887	887
Total Trade (A+B+C+D)	62670	21231
II. **Other investments - Unquoted**		
Faering Capital India Evolving Fund	120	–
12,000 units of ₹1,000/- each, fully paid-up		
Total Non-current investments (I+II)	62790	21231

Notes:

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

(ii) Aggregate amount of provision made for other than temporary dimunition ₹141 lakhs (2011: ₹141 lakhs)

(iii) Aggregate market value of listed and quoted investments and carrying cost thereof is ₹18462 lakhs (2011: ₹Nil) and ₹40051 lakhs (2011: ₹Nil) respectively

(iv) Aggregate carrying cost of unquoted investments is ₹22739 lakhs (2011: ₹21231 lakhs)

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
Note 13: Long-term loans and advances		
(Unsecured and considered good)		
Capital advances	3039	3876
Deposits	1842	1507
Others	259	–
	5140	5383
Note 14: Current investments		
(At lower of cost and fair value)		
Quoted		
Ashnoor Textile Mills Limited	*	*
238 (2011: 238) Equity shares of ₹10/- each, fully paid-up		
I G Petrochemicals Limited	4	4
13,000 (2011: 13,000) Equity shares of ₹10/- each, fully paid-up		
Unquoted		
UTI Master Shares	*	*
1,000 (2011: 1,000) Shares of ₹10/- each, fully paid-up	**4**	4
Notes:		
*less than a lakh		
- Aggregate market value and carrying cost of quoted investments is ₹4 lakhs (2011: ₹4 lakhs) and ₹4 lakhs (2011: ₹4 lakhs) respectively		
Note 15: Inventories		
Raw materials**	85150	66605
Raw materials in-transit**	12523	23173
Work-in-process**	1986	2178
Finished goods**	46426	41593
Stock-in-trade**	34396	13150
Packing materials*	2250	2397
Stores and spare parts*	2830	2216
	185561	151312
*At cost or under		
**At cost or net realisable value, which ever is lower		
Note 16: Trade receivables		
(Considered good, unless otherwise stated)		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured	214	82
Unsecured	437	348
Unsecured, considered doubtful	764	608
	1415	1038
Less: Provision for doubtful trade receivables	764	608
(A)	651	430
Other trade receivables		
Secured	5229	2037
Unsecured	82822	17774
(B)	88051	19811
(A+B)	**88702**	20241

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
Note 17: Cash and bank balances		
Cash and cash equivalents		
Cash on hand	10	22
Balances with banks:		
On Current accounts	40250	34360
On Deposit accounts [Refer note (ii) below]	50400	55000
	90660	89382
Other bank balances		
In earmarked accounts:		
Dividend accounts	1121	819
Margin money accounts	4	4
	1125	823
	91785	90205

Notes:

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

(ii) Deposit accounts include ₹Nil (2011: ₹Nil) deposits which have a original maturity of more than 12 months

	As at 31 March 2012	As at 31 March 2011
Note 18: Short-term loans and advances		
(Unsecured and considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Considered good	9076	9811
Considered doubtful	6	6
	9082	9817
Less: Provision for doubtful advances	6	6
	9076	9811
Government subsidies receivable	162599	96896
Loans and advances to related parties (Refer Note 37)	736	290
Inter-corporate deposits	26982	–
Others	1945	1766
	201338	108763
Note 19: Other current assets		
7.00% Fertiliser Companies' Government of India Special Bonds 2022 Nil (2011: 76,25,500) bonds of ₹100/- each	–	7626
6.20% Fertiliser Companies' Government of India Special Bonds 2022 10,000 (2011: 1,94,65,600) bonds of ₹100/- each	*	19466
6.65% Fertiliser Companies' Government of India Special Bonds 2023 5,000 (2011: 2,27,95,350) bonds of ₹100/- each	*	22795
	–	49887
Less: Mark-to-market write down (Refer Note 40)	–	6889
	–	42998
Interest accrued but not due on deposits, loans, others	1260	809
	1260	43807

*less than a lakh

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
Note 20: Other operating revenue		
Service income	615	368
DEPB income/excise benefits	1006	1000
Provision for doubtful trade receivables and other liabilities no longer required, written back	84	1256
Provision for mark to market Fertiliser Special Bonds no longer required, written back (Refer Note 40)	6889	6889
Others	2207	1331
	10801	10844
Note 21: Other income		
Interest on loans/deposits, Fertiliser Special Bonds, income tax refunds etc.	5260	6720
Dividend income		
from current investments	1826	1254
from non-current investments [includes ₹4,483 lakhs (2011: Nil) from subsidiary]	4581	2
	11667	7976
Note 22: Changes in inventories of finished goods, work-in-process and stock-in-trade		
As at 1 April		
Work-in-process	2178	1707
Finished goods	41593	26602
Stock-in-trade	13150	6615
	56921	34924
Less: As at 31 March		
Work-in-process	1986	2178
Finished goods	46426	41593
Stock-in-trade	34396	13150
	82808	56921
	(25887)	(21997)
Note 23: Employee benefits expense		
Salaries, wages and bonus	15533	12864
Contribution to provident and other funds	1271	1173
Staff welfare expenses	2018	1751
	18822	15788
Note 24: Finance costs		
Interest expense	11101	8097
Other borrowing costs and bank charges	550	532
	11651	8629

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
Note 25: Other expenses		
Consumption of stores and spare parts	4995	4540
Power, fuel and water	9054	8688
Rent	1588	1515
Repairs to:		
Buildings	111	309
Machinery	1837	2207
Others	1114	1312
Insurance	349	281
Rates and taxes	727	750
(Increase)/decrease in excise duty on finished goods inventory	925	466
Freight and distribution	46099	34639
Exchange differences (net)	15702	5781
Directors' fees	10	9
Loss on sale/scrap of fixed assets (net)	55	53
Loss on sale of Fertiliser Special Bonds (Refer Note 40)	5275	3718
Provision for doubtful trade and other receivables, loans and advances	169	155
Adjustment in carrying amount of current investments	–	2
Trade and other receivables written off	15	34
Miscellaneous expenses	15681	12327
	103706	76786

26. Acquisition of Sabero Organics Gujarat Limited ("Sabero")

a) During the year, the Company pursuant to the approval from Securities and Exchange Board of India (SEBI) for the Open Offer under SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, acquired 1,05,00,000 (31%) equity shares of Sabero Organics Gujarat Limited (Sabero) at a price of ₹160/- per share. Further, pursuant to the Share Purchase Agreement entered into with the erstwhile promoters of Sabero, the Company completed the acquisition of 1,42,98,112 (42.22%) equity shares of Sabero. The Company along with its wholly owned subsidiary (Parry Chemicals Ltd.,) holds 74.57% of the equity share capital of Sabero and effective 17 December 2011 Sabero became a subsidiary of the Company.

b) Non-compete fee aggregating ₹3553 lakhs paid to the erstwhile Indian promoters of Sabero as per the Share Purchase Agreement has been disclosed as an Exceptional Item.

27. Amalgamation of Pasura Bio-Tech Private Limited with the Company during year ended 31 March 2011

a) Pursuant to the Scheme of Amalgamation ('the Scheme') of the erstwhile Pasura Bio-Tech Private Limited ('PBPL') with the Company, as approved by the Hon'ble High Court of Judicature of Andhra Pradesh on 21 February 2011, the entire business and undertaking of PBPL including all assets, liabilities, duties and obligations were transferred to and vested in the Company with effect from 1 April 2010. PBPL was engaged in the business of manufacture and sale of Pesticides formulations.

b) The Amalgamation was accounted for under the 'Pooling of interests' method as prescribed by Accounting Standard 14, "Accounting for Amalgamations".

c) In accordance with the Scheme, 8,18,475 equity shares of ₹10/- each held by the Company in the equity share capital of PBPL stand cancelled. The difference of ₹161 lakhs between assets, liabilities, statutory reserves of PBPL and the carrying value of investments being cancelled, has been adjusted against the general reserve of the Company.

28. Employee Stock Option Plan - ESOP 2007

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

b) Under the Scheme, options not exceeding 1,27,85,976 equity shares of ₹1/- each have been reserved to be issued to the eligible employees, with each option conferring a right upon the employee to apply for one equity share. The options granted under the Scheme would vest not less than one year and not more than five years from the date of grant of the options. The options granted to the employees would be capable of being exercised within a period of three years from the date of vesting.

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

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

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

	For the year ended 31 March 2012		For the year ended 31 March 2011	
	No. of Options	Weighted average exercise price (₹)	No. of Options	Weighted average exercise price (₹)
At the beginning of the year	42,22,616	156.77	39,67,736	48.53
Granted	2,40,400	322.76	17,81,000	303.33
Exercised	7,35,344	49.76	12,87,710	46.44
Cancelled	4,25,892	95.75	2,38,410	46.32
At the end of the year	33,01,780	200.55	42,22,616	156.77

f) The above outstanding options have been granted in various tranches, at exercise price being equal to the closing market price prevailing on the date prior to the date of grant. The outstanding options have a weighted average remaining life of 1.70 years (2011: 2.00 years).

g) Number of options exercisable at the end of the year 14,86,290 (2011: 9,83,616).

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

	For the year ended 31 March 2012	For the year ended 31 March 2011
Profit after tax as reported (₹ in lakhs)	69327	69446
Add: ESOP cost using intrinsic value method	–	–
Less: ESOP cost using fair value method	2289	1130
Proforma profit after tax	67038	68316
Earnings Per Share		
Basic		
- No. of Shares	28,21,75,345	28,12,78,424
- EPS as reported (₹)	24.57	24.69
- Proforma EPS (₹)	23.76	24.29
Diluted		
- No. of shares	28,37,87,428	28,38,64,107
- EPS as reported (₹)	24.43	24.46
- Proforma EPS (₹)	23.62	24.07
The following assumptions were used for calculation of fair value of grants:		
Dividend yield (%)	400	100-400
Expected volatility (%)	0.48-0.50	0.46- 0.53
Risk free interest rate (%)	8.0	7.5- 8.0
Expected term (in years)	4	3-4

29. Earnings per Share

(₹ in Lakhs)

			For the year ended 31 March 2012	For the year ended 31 March 2011
i)	Profit after tax (₹ in lakhs)	[a]	69327	69446
	Basic			
ii)	Weighted average number of equity shares of ₹1/- each outstanding during the year	[b]	28,21,75,345	28,12,78,424
	Dilution			
iii)	Effect of potential equity shares on employees stock options outstanding		1,612,083	25,85,683
iv)	Weighted average number of equity shares of ₹1/- each outstanding during the year	[c]	28,37,87,428	28,38,64,107
	Earnings Per Share			
v)	Basic - [a]/[b] - (₹)		24.57	24.69
vi)	Diluted - [a]/[c] - (₹)		24.43	24.46

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

a) Guarantees :

(i) The Company has provided guarantee to third parties on behalf of its subsidiary CFL Mauritius Limited - ₹6716 lakhs (2011: ₹5887 lakhs) in respect of which the contingent liability is ₹2035 lakhs (2011: ₹2719 lakhs).

(ii) The Company has provided a guarantee towards the borrowing of Tunisian Indian Fertilisers S.A., Tunisia (TIFERT), a joint venture company, up to ₹26330 lakhs (2011: ₹23080 lakhs) in respect of which the contingent liability is ₹23887 lakhs (2011: ₹16419 lakhs).

b) **Claims against the Company not acknowledged as debt**

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
In respect of matters under dispute:		
Excise duty	262	260
Sales tax	78	21
Income tax	253	–
Others	1344	1081

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

c) **Other money for which the Company is contingently liable**

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
(i) In respect of assignment of receivables from fertiliser dealers	2500	–
(ii) In respect of assignment/ sale of trade and subsidy receivables where option to buy-back rests with the Company	20000	–

The Management expects to realise all the amounts reflected above in the normal course of business. Further, out of the amounts stated in (ii) above, the Company has since discharged ₹1596 lakhs.

31. **Commitments**

a) **Capital commitments**

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
Capital expenditure commitments	14039	25254
Commitment towards investments	380	800

b) **Other commitments**

(i) During the year, the Company issued comfort letters to certain banks who have lent to Sabero Organics Gujarat Limited, a subsidiary, in terms of which the Company has undertaken that it shall not reduce its shareholding in the subsidiary below 51%.

(ii) Maximum obligation on long term lease of land - ₹273 lakhs (2011: ₹371 lakhs)

(iii) In respect of long term agreement to purchase Natural Gas, the Company has a 'Take or Pay Obligation" over the period of such agreement.

(iv) The Company has entered into long term agreements with various utilities service providers viz., electricity, water etc., and has commitments towards "minimum charges /minimum consumption".

32. **Segment reporting**

a) **Business segment**

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

33. Leases

The Company has entered into certain operating lease agreements and an amount of ₹1233 lakhs (2011: ₹1166 lakhs) paid under such agreements has been charged to the Statement of Profit and Loss. These leases are generally not non-cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by such agreements.

34. Capitalisation of expenditure

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

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
Employee benefits expense	173	–
Finance costs (Net)	584	109
Other expenses	149	–

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

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
Salaries, wages and bonus	244	186
Contribution to provident fund and other funds	20	65
Consumption of stores and spare parts	30	29
Power and fuel	9	10
Repairs to machinery	70	8
Miscellaneous expenses	95	38
	468	336

36. Details of raw materials consumed, stock-in-trade and finished goods

(a) **Materials consumed**

(Including packing material)

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
Ammonia	118418	89149
Rock Phosphate	67920	47129
Urea	30242	13682
Sulphur	28401	20923
Muriate of Potash	47446	61899
Mono Ammonium Phosphate	1569	951
Phosphoric Acid	234312	220356
Plant Protection Chemicals	24380	23452
Others	33377	21566
	586065	499107

(b) **Purchases of stock-in-trade**

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
Di-Ammonium Phosphate (DAP)	54269	24528
Ammonium Phosphatic Fertilisers	60388	–
Muriate of Potash	42836	33498
Urea	15030	12777
Ammonia	2580	529
Plant Protection Chemicals	7430	3636
Others	10958	13601
	193491	88569

(c) **Sales**

(i) **Manufactured***

Di-Ammonium Phosphate (DAP)	50203	45947
Ammonium Phosphatic Fertilisers	259430	159764
Single Super Phosphate	5158	3094
Plant Protection Chemicals	41507	44970
Others	23961	23615
	380259	277390

* Sales are net of excise duty where applicable

(ii) **Stock-in-trade**

Di- Ammonium Phosphate (DAP)	26193	9655
Ammonium Phosphatic Fertilisers	28440	–
Muriate of Potash	15715	7066
Urea	14967	12242
Ammonia	2868	604
Plant Protection Chemicals	7477	4287
Others	20968	15549
	116628	49403
Total sales (i) + (ii)	**496887**	326793

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

(i) **Manufactured**		
Di- Ammonium Phosphate (DAP)	579	6129
Ammonium Phosphatic Fertilisers	30206	13370
Single Super Phosphate	910	437
Plant Protection Chemicals	7339	4923
Others	2559	1743
	41593	26602
(ii) **Stock-in-trade**		
Di- Ammonium Phosphate (DAP)	–	–
Ammonium Phosphatic Fertilisers	–	–
Muriate of Potash	5213	1365
Urea	826	110
Plant Protection Chemicals	297	192
Others	6814	4948
	13150	6615
Total opening stock (i) + (ii)	**54743**	33217

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

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
(i) Manufactured		
Di- Ammonium Phosphate (DAP)	9420	579
Ammonium Phosphatic Fertilisers	25509	30206
Single Super Phosphate	435	910
Plant Protection Chemicals	9146	7339
Others	1916	2559
	46426	41593
(ii) Stock-in-trade		
Di- Ammonium Phosphate (DAP)	1959	–
Ammonium Phosphatic Fertilisers	9907	–
Muriate of Potash	13620	5213
Urea	662	826
Plant Protection Chemicals	2546	297
Others	5702	6814
	34396	13150
Total closing stock (i) + (ii)	**80822**	54743

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

37. Related party disclosures

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

Names	Nature of relationship
E.I.D. Parry (India) Limited	Holding Company
Sabero Organics Gujarat Limited (Sabero)	Subsidiary (w.e.f 17 December 2011)
Sabero Organics America Ltda (SOAL)	Subsidiary (w.e.f 17 December 2011)
Sabero Australia Pty Ltd, Australia (Sabero Australia)	Subsidiary (w.e.f 17 December 2011)
Sabero Europe BV (Sabero Europe)	Subsidiary (w.e.f 17 December 2011)
Sabero Argentina S.A. (Sabero Argentina)	Subsidiary (w.e.f 17 December 2011)
Parry Chemicals Limited (PCL)	Subsidiary
CFL Mauritius Limited (CML)	Subsidiary
Coromandel Brasil Limitada (CBL)	Subsidiary
Parry Investments Limited	Fellow subsidiary
Parry Infrastructure Company Private Limited (PICPL)	Fellow subsidiary
Sadashiva Sugars Limited (SSL)	Fellow subsidiary
Parry Sugar Industries Limited (PSIL)	Fellow subsidiary
Coromandel Getax Phosphates Pte Ltd. (CGPL)	Joint venture
Coromandel SQM (India) Pvt Limited (CSQM)	Joint venture
Tunisian Indian Fertilisers. SA (TIFERT)	Joint venture
Mr. Kapil Mehan, Managing Director from 20.10.2010	Key management personnel
Mr.V.Ravichandran, Managing Director upto 19.10.2010	Key management personnel

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
(B) Transactions during the year:		
i) Sale of finished goods/raw materials/services		
a) Holding Company	48	-
b) Fellow Subsidiary Company - SSL	-	34
c) Fellow Subsidiary Company - PSIL	-	137
d) Joint Venture - CSQM	71	-
e) Subsidiary - SOGL	244	-
ii) Interest received from		
a) Subsidiary Company - PCL	22	20
b) Fellow Subsidiary - PICPL	-	11
iii) Rent received		
a) Fellow Subsidiary Company - PICPL	175	175
iv) Expenses reimbursed by		
a) Holding Company	48	56
b) Fellow Subsidiary - PSIL	21	9
c) Subsidiary Company - CBL	-	1
d) Joint Venture - CSQM	41	2
e) Joint Venture - TIFERT	6	6
f) Subsidiary Company - PCL	17	7
g) Subsidiary Company - SOGL	12	-
h) Fellow Subsidiary - PICPL	7	-
v) Purchase of finished goods and services		
a) Holding Company	738	221
b) Joint Venture - CSQM	199	-
c) Fellow Subsidiary - PSIL	96	-
d) Subsidiary Company - SOGL	1479	-
vi) Commission on sales to Subsidiary Company - PCL	41	42
vii) Expenses reimbursed to		
a) Holding Company	231	209
b) Subsidiary Company - PCL	2	2
c) Joint Venture - CSQM	-	1
d) Fellow Subsidiary - SSL	*	*
viii) Advance given		
a) Subsidiary Company - SOGL	200	-
ix) Interest received on Inter Corporate deposit		
a) Joint venture - CSQM	*	-
b) Fellow Subsidiary - SSPL	9	-
c) Fellow Subsidiary - PSIL	19	-
x) Inter Corporate deposit given and received back		
a) Joint venture - CSQM	50	-
b) Fellow Subsidiary - SSPL	2000	-
c) Fellow Subsidiary - PSPL	2900	-

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
Transactions during the year (Contd.)		
xi) Investment made in equity shares of		
a) Subsidiary Company - CBL	138	130
b) Joint Venture - CSQM	300	-
c) Subsidiary Company - PCL	950	-
xii) Dividend received		
a) Subsidiary Company - CML	4483	-
xiii) Dividend paid		
a) Holding Company -	12401	10618
b) Key management personnel - Mr. V. Ravichandran	-	3
xiv) Remuneration to key management personnel		
a) Mr. Kapil Mehan (from 20th October 2010)	229	90
b) Mr.V. Ravichandran (till 19th October 2010)	-	127

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
(C) Outstanding balances as at the year end		
a) Trade receivables/Loans and advances		
- Subsidiary Company - PCL	197	277
- Subsidiary Company - CBL	3	4
- Joint Venture - CSQM	82	3
- Fellow subsidiary - SSL	108	6
- Fellow Subsidiary - PSIL	44	-
- Subsidiary Company - SOGL	466	-
- Fellow Subsidiary - PICPL	6	-
b) Trade payables/ Other liabilities		
- Holding Company -	124	111
- Fellow subsidiary (PSIL)	-	33
- Fellow Subsidiary - PICPL	3000	3000

Notes:

a. *less than a lakh

b. The Company has extended guarantees on behalf of CFL Mauritius Limited and TIFERT. Refer Note 30(a)

c. The Company has provided comfort letters to certain banks in respect of Sabero. Refer Note 31(b)

38. Employee benefits

a. Defined benefit plans

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

(₹ in Lakhs)

Particulars	Gratuity Plan		Superannuation and other Pension Plans	
	2011-2012	2010-2011	**2011-2012**	2010-2011
Change in defined benefit obligation (DBO) during the year				
Present value of DBO at the beginning of the year	2501	2114	117	115
Current service cost	233	218	1	2
Interest cost	190	160	9	9
Actuarial loss/(gain)	183	241	(96)	(9)
Benefits paid	(240)	(232)	-	-
Present value of DBO at the end of the year	**2867**	**2501**	**31**	**117**
Amounts recognised in the Balance Sheet				
Present value of DBO at the end of the year	2867	2501	31	117
Fair value of plan assets at the end of the year	2610	2192	-	-
Funded status of the plans - (asset)/ liability	**257**	**309**	**31**	**117**
Liability recognised in the Balance Sheet	**257**	**309**	**31**	**117**
Components of employer expense				
Current service cost	233	218	1	2
Interest cost	190	160	9	9
Expected return on plan assets	(193)	(162)	-	-
Net actuarial (gain)/loss recognised	149	174	(96)	(9)
Past service cost	-	-	-	-
Expense recognised in Statement of Profit and Loss	**381**	**390**	**(86)**	**2**
Nature and extent of investment details of the plan assets*				
State and Central Securities	-	22.01%	-	-
Bonds	-	42.12%	-	-
Special deposits	-	35.88%	-	-
Insurer managed funds	100%	-	-	-
Actual return on plan assets*	**226**	**229**	-	-
Assumptions				
Discount rate	8%	8%	8%	8%
Estimated rate of return on plan assets	8%	8%	-	-
Expected rate of salary increase	5-7%	5-7%	-	-
Attrition rate	5%	5%	1 - 5%	1 - 5%

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

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

Experience adjustments:

(₹ in Lakhs)

	2011-2012	2010-2011	2009-2010	2008-09	2007-08
Gratuity					
Present value of DOB	2867	2501	2114	713	650
Fair value of plan assets	2610	2192	1846	715	673
Funded status [Asset/ (liability)]	(257)	(309)	(268)	2	23
Experience adjustments loss/(gain)					
- on plan liabilities	183	72	267	63	52
- on plan assets	(34)	(87)	(44)	(7)	(52)
Superannuation and other pension plans					
Present value of DOB	31	117	115	146	565
Fair value of plan assets	-	-	-	-	267
Funded status [Asset/ (liability)]	(31)	(117)	(115)	(146)	(298)
Experience adjustments loss/(gain)					
- on plan liabilities	(96)	(9)	(45)	(21)	(73)
- on plan assets	-	-	-	-	59

b. **Defined contribution plans**

In respect of the defined contribution plans, an amount of ₹819lakhs (2011: ₹725lakhs) has been recognised as an expense in the Statement of Profit and Loss during the year.

39. The Company has recognised subsidy income for the current year as per the prevalent Nutrient Based Subsidy (NBS) Policy announced by Government of India, effective 1 April 2011. Such income is included in "Government Subsidies" in the Statement of Profit and Loss. The subsidy income for the year includes ₹4612 lakhs (2011: ₹22652 lakhs) relating to earlier years, following announcement/ determination of the same by Government. Further, in respect of the Office Memorandum dated 11 July 2011 issued by the Department of Fertilisers with regard to the recognition of subsidy income on the opening inventories as at 1 April 2011, the Company has recognised subsidy income based on estimates and the legal opinion obtained in this regard.

40. Consequent to the sale during the year of the remaining quantum of the Government of India Special Bonds and receipt of losses claimed form the Government of India, the Company accounted for the loss of ₹5275 lakhs for the year ended 31 March 2012 (2011: ₹3718 lakhs) and the same is included under other expenses (Refer Note 25). The provision towards mark to market loss made earlier on such bonds amounting to ₹6889 lakhs (2011: ₹6889 lakhs) has been reversed and is presented as 'Other operating revenue' (Refer Note 20).

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

42. The Company has obtained approvalsfrom the shareholders and the stock exchanges, for issue of one 9% Unsecured Redeemable Non- convertible Fully Paid Bonus Debenture of ₹15 each for every equity share by appropriating the General Reserve through a Scheme of Arrangement ('Scheme'). The Company has filed the Scheme in the Hon'ble High Court of Andhra Pradesh and is awaiting its approval.

43. Derivative instruments and unhedged foreign currency exposure

a. **Forward contracts outstanding as at the Balance Sheet date**

	Currency	Cross currency	No. of contracts	Amount in foreign currency (million)	Amount ₹ in lakhs	Buy/Sell
As at 31 March 2012	USD	INR	55	431.70	219649	Buy
	USD	INR	4	2.50	1272	Sell
As at 31 March 2011	USD	INR	110	403.82	180106	Buy
	USD	INR	1	0.25	112	Sell

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

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

	Currency	Cross currency	No. of contracts	Amount in foreign currency (million)	Amount ₹ in lakhs	Buy/Sell
As at 31 March 2012	USD	INR	13	70	35616	Buy
As at 31 March 2011	USD	INR	9	45	20070	Buy

The swap contract has been entered into to hedge the currency and interest rate risks on the external commercial borrowings of the Company (Refer Note 52c)

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

	Currency	As at 31 March 2012		As at 31 March 2011	
		Amount foreign currency in million	Amount ₹ in lakhs	Amount foreign currency in million	Amount ₹ in lakhs
Trade payables	USD	86.68	44102	-	-
	AED	32.59	4510	-	-
Advance to suppliers	SEK	0.30	22	*	13
	EUR	0.18	116	*	5
Trade receivables	USD	-	-	3.5	1578
Cash and cash equivalents	ZAR	-	-	*	3
Borrowings	USD	9.48	4825	-	-

*less than a lakh

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

Loans and advances in the nature of loans to subsidiaries:

(₹ in Lakhs)

	Relationship	For the year ended 31 March 2012	Maximum balance outstanding during the year
Parry Chemicals Limited	Subsidiary	197	277
		(277)	(291)

Notes:

a. Figures in bracket relate to previous year

b. The loan is repayable on demand and interest is receivable per section 372A of the Act

45. **Payments to Auditors**

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
Audit fees	28	28
Tax audit fees	5	4
Limited reviews	17	12
Certifications	45	31
Reimbursement of expenses	2	2
Total	97	77

Notes:

a. The amount for the current year includes ₹20 lakhs paid to the previous auditors.

b. Amounts given above excludes service tax

46. Expenditure in foreign currency

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
Export commission	136	108
Interest	1972	791
Others	2226	1604

47. Amount remitted in foreign currency on account of dividend

Financial Year	Relating to	No. of shares held (₹1/- each)	No. of Non-Resident shareholders	Amount ₹ in Lakhs
2011-2012	2011-2012	1,01,15,420	56	405
2011-2012	2010-2011	1,01,15,420	56	303
2010-2011	2010-2011	1,01,15,420	56	405
2010-2011	2009-2010	50,67,460*	57	203

*Equity shares of ₹2/- each prior to sub-division

48. Value of imports calculated on C.I.F. basis

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
Raw materials	520575	452072
Stores and spare parts	204	260
Capital goods*	610	10
Stock-in-trade	163942	60348

*includes technical know-how capitalised during the year

49. Earnings in foreign exchange

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
F.O.B. value of exports of goods	5792	6638
Service income	252	269
Dividend from subsidiary company	4483	–
Dividend from others	95	–
Others	862	383

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

(₹ in Lakhs)

	% of total consumption	For the year ended 31 March 2012	% of total consumption	For the year ended 31 March 2011
Raw materials (including packing material)				
Imported (including imports through canalizing agents)	87.59	513358	86.70	432726
Indigenous	12.41	72707	13.30	66381
	100.00	586065	100.00	499107
Stores and spare parts				
Imported	2.08	103	7.22	346
Indigenous	97.92	4892	92.78	4194
	100.00	4995	100.00	4540

51. **Interests in joint ventures**

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

(₹ in Lakhs)

Name of the entity	For the year ended 31 March 2012			For the year ended 31 March 2011		
	Coromandel Getax	**Coromandel SQM**	**TIFERT***	Coromandel Getax	Coromandel SQM	TIFERT*
Country of Incorporation	Singapore	India	Tunisia	Singapore	India	Tunisia
Percentage of ownership interest	50%	50%	15%	50%	50%	15%
Non-current liabilities	-	-	23887	-	-	16419
Current liabilities	9	513	3604	5	3	5933
Non-current assets	-	388	35356	-	98	28406
Current assets	198	583	4034	174	98	4538
Income	2	191	69	-	6	85
Expenditure	3	226	196	2	8	42

*All figures are as per the unaudited financial statements for the year ended 31 December 2011(Previous year for the year ended 31 December 2010) and information has been furnished to the extent available with the Company.

52. **Other matters**

a) Based on the information available with the Company, there are no dues/interest outstanding to micro and small enterprises, as defined under the MSMED Act, 2006, as at 31 March 2012 (2011: Nil).

b) Exchange difference in respect of forward exchange contracts to be recognised in the Statement of Profit and Loss in the subsequent accounting period is ₹1969 lakhs debit (2011: ₹1200 lakhs debit).

c) As on 31 March 2012, the Company has foreign currency borrowing of US$ 70 million (2011:US$30.50million). The Company has entered into principal and interest rate swaps amounting US$ 70 million (2011: US$ 45 million) to hedge the foreign currency and interest rate risks thereon. The Company has marked to market the foreign currency borrowings and the corresponding swap contracts and the net exchange differences arising thereon have been recognised in the Statement of Profit and Loss.

53. The revised Schedule VI notified under the Act has become applicable effective from 1 April 2011 for preparation and presentation of financial statements. The Company has presented the previous year figures to conform to current year's classification in accordance with the requirements of the aforesaid notified Schedule VI. Accordingly, the audited financial statements of the year ended 31 March 2011 were reclassified/ regrouped/ represented and some information additionally disclosed where relevant and some other information redundant in the current context has not been presented.

54. **Significant accounting policies**

i. **Basis of preparation of financial statements**

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

ii. **Use of estimates**

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

iii. **Tangible fixed assets**

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

iv. **Depreciation and amortisation**

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

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

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

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

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

v. **Intangible assets**

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

vi. **Impairment**

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

vii. **Foreign currency transactions**

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

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

viii. **Investments**

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

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

ix. **Inventories**

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

a) Stores and spares - Weighted average cost.

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

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

d) Stock-in-trade - Weighted average cost

x. **Trade receivables and loans and advances**

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

xi. **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'.

xii. **Revenue recognition**

a) Sale of goods is recognised at the point of despatch to customers. Sales include amounts recovered towards excise duty and exclude sales tax and value added tax.

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

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

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

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

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

xiii. **Employee benefits**

a) **Defined contribution plans**

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

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

b) **Defined benefit plans**

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

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

c) **Other long term employee benefits**

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

d) **Short term employee benefits**

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

xiv. **Borrowing costs**

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

xv. **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 Statement of Profit and Loss.

xvi. **Provisions, contingent liabilities and contingent assets**

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

xvii. **Taxes on income**

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

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

xviii. **Earnings per share**

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

xix. **Employee stock option**

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

For and on behalf of the Board of Directors

KAPIL MEHAN
Managing Director

A. VELLAYAN
Chairman

S. SANKARASUBRAMANIAN
Chief Financial Officer

M.R. RAJARAM
Company Secretary

Place: Hyderabad
Date : 23 April 2012

CONSOLIDATED FINANCIAL STATEMENTS

Coromandel International Limited, its Subsidiaries
and Jointly controlled entities

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF COROMANDEL INTERNATIONAL LIMITED

1. We have audited the attached Consolidated Balance Sheet of **COROMANDEL INTERNATIONAL LIMITED** ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") as at 31 March 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the 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 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of certain subsidiaries and a jointly controlled entity, whose financial statements reflect total assets (net) of ₹ 39561 Lakhs as at 31 March 2012, total revenues (net) of ₹ 8520 Lakhs and net cash inflows of ₹ 524 Lakhs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries and jointly controlled entity is based solely on the reports of the other auditors.

4. (i) In respect of certain subsidiaries and a jointly controlled entity having total assets (net) of ₹ 15165 Lakhs as at 31 March 2012, total revenue (net) of ₹ 344 Lakhs and net cash outflows of ₹ 4759 Lakhs for the year then ended, the figures used for consolidation are based on management's accounts and are not audited by their auditors.

   (ii) In respect of a jointly controlled entity (JCE) whose financial statements reflect total assets (net) of ₹ 39389 Lakhs as at 31 December 2011, total revenue (net) of ₹ 69 Lakhs and net cash inflow of ₹ 3127 Lakhs for the year then ended, the management has not made adjustments for the intervening period ending 31 March 2012, as the financial statements of the said entity are not readily available. The financial statements of the JCE were audited last for the year ended 31 December 2010.

5. 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.

6. Subject to our comments in paragraph 4 above and the consequential effects thereof which are not quantifiable, based on our audit and on consideration of the separate audit reports on individual financial statements of the subsidiaries and a jointly controlled entity referred to in paragraph 3 above, and to the best of our information and according to the explanations given to us, in our opinion the aforesaid Consolidated Financial Statements, give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2012;

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

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

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

Ganesh Balakrishnan
Partner
(Membership No.201193)

HYDERABAD, April 23, 2012

Consolidated Balance Sheet as at 31 March 2012

(₹ in Lakhs)

	Note	As at 31 March 2012	As at 31 March 2011
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	1	2826	2818
(b) Reserves and surplus	2	237208	192855
		240034	195673
2. Minority interest		**1577**	–
3. Non-current liabilities			
(a) Long-term borrowings	3	58627	32326
(b) Deferred tax liabilities (net)	4	6745	8145
(c) Other long-term liabilities	5	3399	3000
(d) Long-term provisions	6	1761	1459
		70532	44930
4. Current liabilities			
(a) Short-term borrowings	7	228969	122453
(b) Trade payables	8	211628	151836
(c) Other current liabilities	9	30503	26268
(d) Short-term provisions	10	13263	11755
		484363	312312
TOTAL		**796506**	552915
II. ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11A	92877	80139
(ii) Intangible assets	11B	2008	7
(iii) Capital work-in-progress		52671	30267
		147556	110413
(b) Goodwill on consolidation		34702	–
(c) Non-current investments	12	14947	13304
(d) Long-term loans and advances	13	6736	5386
		203941	129103
2. Current assets			
(a) Current investments	14	4	3754
(b) Inventories	15	192175	151385
(c) Trade receivables	16	95793	20241
(d) Cash and bank balances	17	98472	96053
(e) Short-term loans and advances	18	204860	108572
(f) Other current assets	19	1261	43807
		592565	423812
TOTAL		**796506**	552915

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

GANESH BALAKRISHNAN
Partner

Place: Hyderabad
Date : 23 April 2012

For and on behalf of the Board of Directors

KAPIL MEHAN
Managing Director

A. VELLAYAN
Chairman

S. SANKARASUBRAMANIAN
Chief Financial Officer

M.R. RAJARAM
Company Secretary

Consolidated Statement of Profit and Loss for the year ended 31 March 2012

(₹ in Lakhs)

		Note	For the year ended 31 March 2012	For the year ended 31 March 2011
I.	**Revenue**			
	Revenue from operations			
	Sales (gross)		513280	332487
	Less: Excise duty		9001	5693
	Sales (net)		504279	326794
	Government subsidies		474639	426289
	Other operating revenue	20	11239	10847
			990157	763930
	Other income	21	7804	8111
	Total revenue		**997961**	772041
II.	**Expenses**			
	Cost of materials consumed		590623	499107
	Purchases of stock-in-trade		193663	88569
	Changes in inventories of finished goods, work-in-process and stock-in-trade	22	(25801)	(21997)
	Employee benefits expense	23	19438	15900
	Finance costs	24	12612	8890
	Depreciation and amortisation expense	11A/11B	5970	6207
	Other expenses	25	106790	76793
	Total expenses		**903295**	673469
III.	**Profit before exceptional items, tax and minority interest (I - II)**		**94666**	98572
IV.	Exceptional item	26	3553	–
V.	**Profit before tax and minority interest (III - IV)**		**91113**	98572
VI.	Tax expense:			
	Current tax		29059	29606
	Deferred tax		(1400)	(400)
			27659	29206
VII.	**Profit after tax and before minority interest (V - VI)**		**63454**	69366
VIII.	**Minority interest**		(425)	–
IX.	**Profit attributable to equity shareholders (VII - VIII)**		**63879**	69366
	Earnings per equity share of ₹1/- each	29		
	Basic (₹)		22.64	24.66
	Diluted (₹)		22.51	24.44

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

GANESH BALAKRISHNAN
Partner

Place: Hyderabad
Date : 23 April 2012

For and on behalf of the Board of Directors

KAPIL MEHAN
Managing Director

A. VELLAYAN
Chairman

S. SANKARASUBRAMANIAN
Chief Financial Officer

M.R. RAJARAM
Company Secretary

Consolidated Cash Flow Statement for the year ended 31 March 2012

(₹ in Lakhs)

		For the year ended 31 March 2012	For the year ended 31 March 2011
Cash flow from operating activities			
Profit before tax		**91113**	98572
Adjustments for:			
Depreciation and amortisation expense		5970	6207
Loss on sale of fixed assets		6	53
Loss on sale of fertiliser special bonds		5275	3718
Exchange differences (net)		9645	821
Adjustment to the carrying value of current investments		–	2
Provision for doubtful trade receivables and other liabilities no longer required, written back		(84)	(1259)
Provision for mark to market on Fertiliser Companies' Government of India Special Bonds no longer required, written back		(6889)	(6889)
Provision for doubtful trade and other receivables, loans and advances		533	155
Bad debts written off		15	34
Provision for employee benefits		308	200
Interest expense		12612	8890
Interest income		(5337)	(6849)
Dividend income		(2467)	(1262)
Operating profit before working capital changes		**110700**	102393
Changes in working capital:			
Trade payables		50345	74790
Other current liabilities		(1645)	208
Other long-term liabilities		399	–
Trade receivables		(68043)	(6382)
Inventories		(33602)	(58740)
Long-term loans and advances		(592)	37
Short-term loans and advances		(61939)	(49459)
Increase/(decrease) in restricted cash		(87)	31
Proceeds from sale of Fertiliser Companies' Government of India Special Bonds		41461	46169
Cash generated from operations		**36997**	109047
Direct taxes paid (net of refunds)		(27597)	(29491)
Net cash flow from operating activities	**(A)**	**9400**	79556
Cash flows from investing activities			
Purchase of fixed assets, including capital work-in-progress and capital advances		(24009)	(19232)
Proceeds from sale of fixed assets		403	164
Purchase of non-current investments, including subsidiaries (Refer Note 3 below)		(40431)	(517)
Inter-corporate deposits placed		(61932)	–
Inter-corporate deposits matured		34950	–
Purchase of current investments - mutual fund units		(683600)	(516687)
Proceeds from sale of current investments - mutual fund units		687350	516600
Interest received		5092	7581
Dividend received from current and non-current investments		2467	1262
Net cash used in investing activities	**(B)**	**(79710)**	(10829)

Consolidated Cash Flow Statement (Contd.)

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
Cash flow from financing activities		
Proceeds from issue of equity shares on exercise of employee stock options	367	598
Proceeds from long-term borrowings	24442	14955
Repayment of long-term borrowings	(1124)	(3003)
Increase/(decrease) in short-term borrowings	82860	(53050)
Dividend paid including tax thereon	(22961)	(19690)
Interest and other borrowing costs paid	(13104)	(8695)
Net cash from/(used in) financing activities (C)	**70480**	(68885)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**170**	(158)
Cash and cash equivalents at the beginning of the year	95230	95440
Cash and cash equivalents acquired during the year (Refer Note 3 below)	279	10
Exchange gain/(loss) on cash and cash equivalents	140	(62)
Cash and cash equivalents at the end of the year	**95819**	95230

Notes:

1. Cash Flow Statement has been prepared under the Indirect method as set out in the Accounting Standard 3 on Cash Flow Statements.
2. Reconciliation of Cash and cash equivalents at the end of the year with Cash and bank balances as per Note 17:

	For the year ended 31 March 2012	For the year ended 31 March 2011
Cash and bank balances as per Note 17	98472	96053
Less: Balances in earmarked accounts		
- Dividend accounts	1127	819
- Margin money accounts	1526	4
Cash and cash equivalents at the end of the year	**95819**	95230

3. (a) Pursuant to the Scheme of Amalgamation of Pasura Bio-Tech Private Limited (PBPL) with the Company, cash and cash equivalents as at 1 April 2010 amounting to ₹10 lakhs have been taken over by the Company. During the previous year, purchase of non-current investments include an amount of ₹478 lakhs paid for the acquisition of PBPL (Refer Note 27).

   (b) During the year, the Group acquired 74.57% equity shares of Sabero Organics Gujarat Limited (Sabero) and effective 17 December 2011 Sabero became a subsidiary of the Group. Purchase of non-current investments include an amount of ₹40311 lakhs paid for the acquisition of Sabero (Refer Note 26).

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

GANESH BALAKRISHNAN
Partner

Place: Hyderabad
Date : 23 April 2012

For and on behalf of the Board of Directors

KAPIL MEHAN
Managing Director

A. VELLAYAN
Chairman

S. SANKARASUBRAMANIAN
Chief Financial Officer

M.R. RAJARAM
Company Secretary

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
Note 1: Share capital		
Authorised		
35,00,00,000 (2011: 35,00,00,000) equity shares of ₹1/- each	3500	3500
Issued, subscribed and fully paid up		
28,25,69,542 (2011: 28,18,34,198) equity shares of ₹1/- each	2826	2818

Notes:

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

	Year ended 31 March 2012		Year ended 31 March 2011	
	Number	₹ in lakhs	Number#	₹ in lakhs
Per last Balance Sheet	281834198	2818	280546488	2805
Add: Equity shares allotted pursuant to exercise of stock options	735344	8	1287710	13
Balance at the end of the year	282569542	2826	281834198	2818

#adjusted to reflect the sub-division of 14,02,73,244 equity shares of ₹2/- each to 28,05,46,488 equity shares of ₹1/- each during the year ended 31 March 2011

(ii) Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a face value of ₹1 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in the case of interim dividend.

(iii) As at 31 March 2012, E.I.D.- Parry (India) Limited (Holding Company) held 17,71,55,580 (2011: 17,71,55,580) equity shares of ₹1/- each fully paid-up representing 62.69% (2011: 62.86%) of the paid-up capital. There are no other shareholders holding more than 5% of the issued capital.

(iv) As at 31 March 2012, shares reserved for issue under the 'ESOP 2007' scheme is 1,00,10,330 (2011: 1,07,45,674) equity shares of ₹1/- each (refer Note 28)

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

(a) 8,31,981 equity shares of ₹2/- each fully paid up were 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 during the year ended 31 March 2007.

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

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
Note 2: Reserves and surplus		
(i) Capital reserve (on Amalgamation)		
Per last Balance Sheet	**13602**	13602
(ii) Capital reserve		
Per last Balance Sheet	19	15
Add: Transferred on amalgamation (Refer Note 27)	–	4
	19	19
(iii) Capital redemption reserve		
Per last Balance Sheet	**486**	486
(iv) Securities premium account		
Per last Balance Sheet	6936	6351
Add: Received on exercise of employee stock options	359	585
	7295	6936
(v) Central subsidy		
Per last Balance Sheet	**11**	11
(vi) Foreign currency translation reserve		
Per last Balance Sheet	(1032)	280
Add: Movement during the period	3101	(1312)
	2069	(1032)
(vii) General reserve		
Per last Balance Sheet	134801	99962
Less: On amalgamation (Refer Note 27)	–	161
Add: Transfer from Surplus in the Statement of Profit and Loss	30000	35000
	164801	134801
(viii) Surplus in the Statement of Profit and Loss		
Per last Balance Sheet	38047	26655
Add: Profit for the year	63879	69366
Less: Interim dividend (includes ₹5 lakhs on final dividend for 2010-2011)	11301	11275
Proposed final dividend	8477	8455
Dividend distribution tax (includes ₹1 lakh on final dividend for 2010-2011)	3208	3244
Transfer to general reserve	30000	35000
	48940	38047
(i)+(ii)+(iii)+(iv)+(v)+(vi)+(vii)+(viii)	**237223**	192870
Less: Amalgamation adjustment account	**(15)**	(15)
	237208	192855

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
Note 3: Long-term borrowings		
Secured		
Term Loans		
Banks	58627	32326
	58627	32326

Notes:

(i) The term loans from banks comprise of External Commercial Borrowings (ECB) and are secured by an exclusive charge on certain fixed assets of the Company at Visakhapatnam plant. These loans are repayable over the next six years and have been fully hedged for exchange and interest rates. For ECB aggregating ₹18,088 lakhs as at 31 March 2012 charge is pending creation. These loans carry interest rate with spread ranging 170 bps to 240 bps over 3 months LIBOR.

(ii) The borrowings amounting to ₹2035 lakhs (2011: ₹2719 lakhs), including current maturities, availed by CFL Mauritius Limited are secured by 100% corporate guarantee from the Company. A negative lien has been created over the investments made by it in Foskor (Proprietary) Limited, upto 10% of equity shares of Foskor (Proprietary) Limited.

(iii) Term loans availed by Sabero Organics Gujarat Limited, a subsidiary, amounting to ₹7515 lakhs including current maturities are secured by a first mortgage on the immovable properties both present and future and a first charge by way of hypothecation of all the movable properties (save and except book debts), present and future, ranking pari-passu interse, subject to prior charges created in favour of the bankers on the inventories and other movable properties for securing the borrowings for working capital requirements.

(iv) Foreign currency term loans from banks including lease obligations availed by TIFERT, a joint venture, amounting to ₹23887 lakhs (2011: ₹16419 lakhs) are secured by first charge on all assets of the project. These are further secured by Corporate guarantee issued by joint venture partners and pledge of their ordinary shares held in TIFERT.

	As at 31 March 2012	As at 31 March 2011
Note 4: Deferred tax liabilities (net)		
Deferred tax liability:		
On account of depreciation	11035	9098
Deferred tax asset:		
On employees separation and retirement costs	461	504
On provision for doubtful trade and other receivables	247	202
On statutory dues allowable on payment basis	575	247
On unabsorbed business losses	1458	–
Other timing differences	1549	–
	4290	953
Deferred tax liabilities (net)	**6745**	8145

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
Note 5: Other long-term liabilities		
Security deposits	3399	3000
	3399	3000
Note 6: Long-term provisions		
for Gratuity (Refer Note 37a)	354	309
Compensated absences	772	686
Other employee benefits	635	464
	1761	1459
Note 7: Short-term borrowings		
Loans repayable on demand from banks		
Secured	58373	24248
Unsecured	120596	98205
Short-term loans from banks		
Unsecured	50000	–
	228969	122453

Notes:

(i) Secured short-term borrowings comprises working capital and demand loans. Such borrowings from banks are secured by a pari-passu charge of stock of raw materials, work-in-process, finished goods, stores and spare parts and book debts including subsidy receivables of the Company. Working capital demand loan from State Bank of India is further secured by a second charge on the movable fixed assets of the Company. In case of Sabero Organics Gujarat Limited, a subsidiary, the borrowings are secured by a first charge by way of hypothecation of stocks of raw materials, work-in-process, finished goods and book debts and a second charge on the immovable properties both present and future.

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

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
Note 8: Trade payables		
Acceptances	86061	1527
Other than acceptances	125567	150309
	211628	151836
Note 9: Other current liabilities		
Current maturities of long-term debt (Refer Note (i) below)	6745	1450
Interest accrued but not due on borrowings	762	490
Interest accrued but not due on others	531	460
Advances from customers	2020	8522
Unclaimed dividends (Refer Note (ii) below)	1127	819
Security and trade deposits received	7574	7154
Payables on purchase of fixed assets	4412	5344
Other liabilities (including statutory remittances)	7332	2029
	30503	26268

Notes:

(i) Refer Note 3 - long-term borrowings for details of security. Includes ₹Nil (2011: ₹3 lakhs) towards sales tax deferral.

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

(iii) As at 31 March 2012, cheques aggregating ₹0.23 lakhs (2011: ₹0.23 lakhs) were issued but not encashed on account of fixed deposit refunds.

	As at 31 March 2012	As at 31 March 2011
Note 10: Short-term provisions		
Employee benefits	379	373
Current tax (net of advance tax)	3032	1555
Proposed dividend	8477	8455
Tax on proposed dividend	1375	1372
	13263	11755

Note 11A: Tangible assets

(₹ in Lakhs)

Description	COST or VALUATION						DEPRECIATION / AMORTISATION						NET BOOK VALUE	
	As at 1 April 2011	Acquisition (see Note (b) below)	Additions	Deductions/ Adjustments	Effect of translation	As at 31 March 2012	Upto 1 April 2011	Acquisition (see Note (b) below)	For the year	Deductions/ Adjustments	Effect of translation	Upto 31 March 2012	As at 31 March 2012	As at 31 March 2011
Land														
- Freehold	26084	7	–	90	–	26001	–	–	–	–	–	–	26001	26084
- Leasehold	1888	129	2	–	13	2032	230	15	30	–	1	276	1756	1658
Buildings	10676	3229	925	98	15	14747	2124	789	340	78	1	3176	11571	8552
Roads	860	–	–	–	–	860	209	–	16	–	–	225	635	651
Railway siding	702	–	49	27	–	724	336	–	33	9	–	360	364	366
Plant and equipment														
- Research and development	562	–	37	–	–	599	98	–	41	31	–	108	491	464
- Others	87450	14213	6468	1566	17	106582	48416	6413	4259	1364	–	57724	48858	39034
Office equipment, furniture and fixtures														
- Research and development	32	–	2	–	–	34	6	–	4	–	–	10	24	26
- Others	5392	265	726	184	6	6205	2957	198	874	143	2	3888	2317	2435
Vehicles	1626	88	272	177	7	1816	757	38	268	108	1	956	860	869
Total	**135272**	**17931**	**8481**	**2142**	**58**	**159600**	**55133**	**7453**	**5865**	**1733**	**5**	**66723**	**92877**	**80139**
Previous year	**130731**	**447[c]**	**5031**	**907**	**(30)**	**135272**	**49608**	**11[c]**	**6207**	**691**	**(2)**	**55133**	**80139**	
Capital work–in–progress (see Note (e) below)													52671	30267

Notes:

(a) Additions to fixed assets for the year include interest capitalised (Refer Note 34).

(b) Assets taken over during the current year on acquisition of a subsidiary, Sabero Organics Gujarat Limited (Refer Note 26).

(c) Previous year figures include assets taken over at book values (cost ₹447 lakhs and accumulated depreciation ₹11 lakhs) pursuant to the Scheme of Amalgamation of Pasura Bio-Tech Private Limited (PBPL) with the Company (Refer Note 27).

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

(e) Certain assets pertaining to a joint venture are under finance lease with a bank.

Note 11B: Intangible assets

Description	COST or VALUATION						DEPRECIATION / AMORTISATION						NET BOOK VALUE	
	As at 1 April 2011	Acquisition (see Note (b) above)	Additions	Deductions/ Adjustments	Effect of translation	As at 31 March 2012	Upto 1 April 2011	Acquisition (see Note (b) above)	For the year	Deductions/ Adjustments	Effect of translation	Upto 31 March 2012	As at 31 March 2012	As at 31 March 2011
Technical know-how	19	–	714	–	–	733	12	–	44	–	–	56	677	7
Product development	–	1423	42	–	–	1465	–	154	53	–	–	207	1258	–
Software	–	125	3	–	1	129	–	48	8	–	–	56	73	–
	19	**1548**	**759**	**–**	**1**	**2327**	**12**	**202**	**105**	**–**	**–**	**319**	**2008**	**7**
Previous year	**12**	**–**	**7**	**–**	**–**	**19**	**12**	**–**	**–**	**–**	**–**	**12**	**7**	

Depreciation and amortisation expense for the year	**5970**
Previous year	*6207*

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
Note 12: Non-current investments		
(At cost unless otherwise stated)		
I. Trade, unquoted		
Prathyusha Chemicals and Fertilisers Limited		
10,01,000 (2011: 10,01,000) Equity shares of ₹10/- each, fully paid-up	143	143
Less: Provision for diminution in value [Refer Note (i) below]	141	141
	2	2
Indian Potash Limited	5	5
90,000 (2011: 90,000) Equity shares of ₹10/- each, fully paid-up		
Foskor (Pty) Limited	13963	12440
12,82,070 (2011: 12,82,070) Ordinary shares of South African Rand 1 each fully paid-up		
Murugappa Management Services Limited	73	73
16,139 (2011: 16,139) Equity shares of ₹450/- each fully paid up		
Bharuch Enviro Infrastructure Limited	2	2
16,100 (2011: 16,100) Equity shares of ₹10/- each, fully paid-up		
Bharuch Eco Aqua Infrastructure Limited	28	28
2,75,000 (2011: 2,75,000) Equity shares of ₹10/- each, fully paid-up		
A.P.Gas Power Corporation Limited	754	754
13,40,000 (2011: 13,40,000) Equity shares of ₹10 each fully paid-up		
Total Trade	**14827**	13304
II. Other investments - Unquoted		
Faering Capital India Evolving Fund	**120**	–
12,000 units of ₹1,000/- each, fully paid-up		
Total Non-current investments (I+II)	**14947**	13304

Notes:

(i) Aggregate amount of provision made for other than temporary diminution ₹141 lakhs (2011: ₹141 lakhs)

(ii) Aggregate carrying cost of unquoted investments is ₹14947 lakhs (2011: ₹13304 lakhs)

	As at 31 March 2012	As at 31 March 2011
Note 13: Long-term loans and advances		
(Unsecured and considered good)		
Capital advances	4623	3876
Deposits	1843	1510
Others	270	–
	6736	5386

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
Note 14: Current investments		
(At lower of cost and fair value)		
Quoted		
Ashnoor Textile Mills Limited	*	*
238 (2011: 238) Equity shares of ₹10/- each, fully paid-up		
I G Petrochemicals Limited	4	4
13,000 (2011: 13,000) Equity shares of ₹10/- each, fully paid-up		
Unquoted		
UTI Master Shares	*	*
1,000 (2011: 1,000) Shares of ₹10/- each, fully paid-up		
Investment in treasury bills	-	3750
	4	3754

Notes:

*less than a lakh

- Aggregate market value and carrying cost of quoted investments is ₹4 lakhs (2011: ₹4 lakhs) and `₹4 lakhs (2011: ₹4 lakhs) respectively
- Aggregate carrying cost of unquoted investments is ₹Nil (2011: ₹3750 lakhs)

	As at 31 March 2012	As at 31 March 2011
Note 15: Inventories		
Raw materials**	87789	66605
Raw materials in-transit**	12523	23173
Work-in-process**	2610	2178
Finished goods**	49305	41593
Stock-in-trade**	34465	13150
Packing materials*	2262	2397
Stores and spare parts*	3221	2289
	192175	151385

*At cost or under

**At cost or net realisable value, which ever is lower

		As at 31 March 2012	As at 31 March 2011
Note 16: Trade receivables			
(Considered good, unless otherwise stated)			
Trade receivables outstanding for a period exceeding six months from the date they were due for payment			
Secured		230	82
Unsecured		1021	348
Unsecured, considered doubtful		987	608
		2238	1038
Less: Provision for doubtful trade receivables		987	608
	(A)	1251	430
Other trade receivables			
Secured		5252	2037
Unsecured		89290	17774
	(B)	94542	19811
	(A+B)	**95793**	20241

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
Note 17: Cash and bank balances		
Cash and cash equivalents		
Cash on hand	26	22
Balances with banks:		
On Current accounts	41650	35367
On Deposit accounts [Refer note (ii) below]	54143	59841
	95819	95230
Other bank balances		
In earmarked accounts:		
Dividend accounts	1127	819
Margin money accounts	1526	4
	2653	823
	98472	96053

Notes:

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

(ii) Deposit accounts includes ₹Nil (2011: ₹Nil) deposits which have a original maturity of more than 12 months

	As at 31 March 2012	As at 31 March 2011
Note 18: Short-term loans and advances		
(Unsecured and considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Considered good	11111	9824
Considered doubtful	172	6
	11283	9830
Less: Provision for doubtful advances	172	6
	11111	9824
Government subsidies receivable	162599	96896
Loans and advances to related parties (Refer Note 36)	199	7
Inter-corporate deposits	26982	–
Others	3969	1845
	204860	108572

	As at 31 March 2012	As at 31 March 2011
Note 19: Other current assets		
7.00% Fertiliser Companies' Government of India Special Bonds 2022 Nil (2011: 76,25,500) bonds of ₹100/- each	–	7626
6.20% Fertiliser Companies' Government of India Special Bonds 2022 10,000 (2011: 1,94,65,600) bonds of ₹100/- each	*	19466
6.65% Fertiliser Companies' Government of India Special Bonds 2023 5,000 (2011: 2,27,95,350) bonds of ₹100/- each	*	22795
	–	49887
Less: Mark-to-market write down (Refer Note 39)	–	6889
	–	42998
Interest accrued but not due on deposits, loans, others	1261	809
	1261	43807

* Less than a lakh

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
Note 20: Other operating revenue		
Service income	609	368
DEPB income/ excise benefits	1282	1000
Provision for doubtful trade receivables and other liabilities no longer required, written back	84	1259
Provision for mark to market Fertiliser Special Bonds no longer required, written back (Refer Note 39)	6889	6889
Others	2375	1331
	11239	10847
Note 21: Other income		
Interest on loans/ deposits, Fertiliser Special Bonds, income tax refunds etc.	5337	6849
Dividend income		
from current investments	1830	1260
from non-current investments	637	2
	7804	8111
Note 22: Changes in inventories of finished goods, work-in-process and stock-in-trade		
As at 1 April		
Work-in-process	2178	1707
Finished goods	41593	26602
Stock-in-trade	13150	6615
	56921	34924
Stocks on date of acquisition of a subsidiary	3658	–
Less: As at 31 March		
Work-in-process	2610	2178
Finished goods	49305	41593
Stock-in-trade	34465	13150
	86380	56921
	(25801)	(21997)
Note 23: Employee benefits expense		
Salaries, wages and bonus	16106	12976
Contribution to provident and other funds	1274	1173
Staff welfare expenses	2058	1751
	19438	15900
Note 24: Finance costs		
Interest expense	12060	8357
Other borrowing costs and bank charges	552	533
	12612	8890

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
Note 25: Other expenses		
Consumption of stores and spare parts	5326	4540
Power, fuel and water	10435	8698
Rent	1636	1525
Repairs to:		
Buildings	128	309
Machinery	1959	2209
Others	1138	1312
Insurance	386	282
Rates and taxes	785	753
(Increase)/ decrease in excise duty on finished goods inventory	925	466
Freight and distribution	46511	34639
Exchange differences (net)	15428	5781
Directors' fees	10	9
Loss on sale/scrap of fixed assets (net)	6	53
Loss on sale of Fertiliser Special Bonds (Refer Note 39)	5275	3718
Provision for doubtful trade and other receivables, loans and advances	533	155
Adjustment in carrying amount of current investments	–	2
Trade and other receivables written off	15	34
Miscellaneous expenses	16294	12308
	106790	76793

26. Acquisition of Sabero Organics Gujarat Limited

a) During the year, the Company pursuant to the approval from Securities and Exchange Board of India (SEBI) for the Open Offer under SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, acquired 1,05,00,000 (31%) equity shares of Sabero Organics Gujarat Limited (Sabero) at a price of ₹160/- per share. Further, pursuant to the Share Purchase Agreement entered into with the erstwhile promoters of Sabero, the Company completed the acquisition of 1,42,98,112 (42.22%) equity shares of Sabero. The Company along with its wholly owned subsidiary (Parry Chemicals Limited) holds 74.57% of the equity share capital of Sabero and effective 17 December 2011 Sabero became a subsidiary of the Group.

b) Non-compete fee aggregating ₹3553 lakhs paid to the erstwhile Indian promoters of Sabero as per the Share Purchase Agreement has been disclosed as an Exceptional Item.

27. Amalgamation of Pasura Bio-Tech Private Limited with the Company during the year ended 31 March 2011

a) Pursuant to the Scheme of Amalgamation ('the Scheme') of the erstwhile Pasura Bio-Tech Private Limited ('PBPL') with the Company, as approved by the Hon'ble High Court of Judicature of Andhra Pradesh on 21 February 2011, the entire business and undertaking of PBPL including all assets, liabilities, duties and obligations were transferred to and vested in the Company with effect from 1 April 2010. PBPL was engaged in the business of manufacture and sale of Pesticides formulations.

b) The Amalgamation was accounted for under the 'Pooling of interests' methods as prescribed by Accounting Standard 14, "Accounting for Amalgamations".

c) In accordance with the Scheme, 8,18,475 equity shares of ₹10/- each held by the Company in the equity share capital of PBPL stand cancelled. The difference of ₹161 lakhs between assets, liabilities, statutory reserves of PBPL and the carrying value of investments being cancelled, has been adjusted against the general reserve of the Company.

28. Employee Stock Option Plan - ESOP 2007

a) 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.

b) Under the Scheme, options not exceeding 1,27,85,976 equity shares of ₹1/- each have been reserved to be issued to the eligible employees, with each option conferring a right upon the employee to apply for one equity share. The options granted under the Scheme would vest not less than one year and not more than five years from the date of grant of the options. The options granted to the employees would be capable of being exercised within a period of three years from the date of vesting.

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

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

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

	Year ended 31 March 2012		Year ended 31 March 2011	
	No. of Options	Weighted average exercise price (₹)	No. of Options	Weighted average exercise price (₹)
At the beginning of the year	42,22,616	156.77	39,67,736	48.53
Granted	2,40,400	322.76	17,81,000	303.33
Exercised	7,35,344	49.76	12,87,710	46.44
Cancelled	4,25,892	95.75	2,38,410	46.32
At the end of the year	33,01,780	200.55	42,22,616	156.77

f) The above outstanding options have been granted in various tranches, at exercise price being equal to the closing market price prevailing on the date prior to the date of grant. The outstanding options have a weighted average remaining life of 1.70 years (2011: 2.00 years).

g) Number of options exercisable at the end of the year was 14,86,290 (2011: 9,83,616).

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

	For the year ended 31 March 2012	For the year ended 31 March 2011
Profit after tax as reported (₹ in lakhs)	63879	69366
Add: ESOP cost using intrinsic value method	–	–
Less: ESOP cost using fair value method	2289	1130
Proforma profit after tax	61590	68236
Earnings Per Share		
Basic		
- No. of Shares	28,21,75,345	28,12,78,424
- EPS as reported (₹)	22.64	24.66
- Proforma EPS (₹)	21.83	24.26
Diluted		
- No. of shares	28,37,87,428	28,38,64,107
- EPS as reported (₹)	22.51	24.44
- Proforma EPS (₹)	21.70	24.04
The following assumptions were used for calculation of fair value of grants:		
Dividend yield (%)	400	100-400
Expected volatility (%)	0.48-0.50	0.46- 0.53
Risk free interest rate (%)	8.0	7.5- 8.0
Expected term (in years)	4	3-4

29. Earnings per Share

			For the year ended 31 March 2012	For the year ended 31 March 2011
i)	Profit after tax (₹ in lakhs)	[a]	63879	69366
	Basic			
ii)	Weighted average number of equity shares of ₹1/- each outstanding during the year	[b]	28,21,75,345	28,12,78,424
	Dilution			
iii)	Effect of potential equity shares on employees stock options outstanding		16,12,083	25,85,683
iv)	Weighted average number of equity shares of ₹1/- each outstanding during the year	[c]	28,37,87,428	28,38,64,107
	Earnings Per Share			
v)	Basic - [a]/[b] - (₹)		22.64	24.66
vi)	Diluted - [a]/[c] - (₹)		22.51	24.44

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

a) **Guarantees :**

(i) The Company has provided guarantee to third parties on behalf of its subsidiary CFL Mauritius Limited - ₹6716 lakhs (2011: ₹5887 lakhs) in respect of which the contingent liability is ₹2035 lakhs (2011: ₹2719 lakhs).

(ii) The Company has provided a guarantee towards the borrowing of Tunisian Indian Fertilisers S.A., Tunisia (TIFERT), a joint venture company, up to ₹26330 lakhs (2011: ₹23080 lakhs) in respect of which the contingent liability is ₹23887 lakhs (2011: ₹16419 lakhs).

b) **Claims against the Group not acknowledged as debt**

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
In respect of matters under dispute:		
Excise duty	313	260
Sales tax	226	21
Income tax	728	-
Others	1475	1081

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

c) **Other money for which the Company is contingently liable**

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
(i) In respect of assignment of receivables from fertiliser dealers	2500	–
(ii) In respect of assignment/ sale of trade and subsidy receivables where option to buy-back rests with the Company	20000	–

The Management expects to realise all the amounts reflected above in the normal course of business. Further, out of the amounts stated in point (ii) above, the Company has since discharged ₹1596 lakhs.

31. **Commitments**

a) **Capital commitments**

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
Capital expenditure commitments	18147	25254
Commitment towards investments	380	800

b) **Other commitments**

(i) During the year, the Company issued comfort letters to certain banks who have lent to Sabero Organics Gujarat Limited, a subsidiary, in terms of which the Company has undertaken that it shall not reduce its shareholding in the subsidiary below 51%.

(ii) Maximum obligation of the Company on long term lease of land - ₹273 lakhs (2011: ₹371 lakhs).

(iii) In respect of long term agreement to purchase Natural Gas, the Company has a 'Take or Pay Obligation" over the period of such agreement.

(iv) The Company has entered into long term agreements with various utilities service providers viz., electricity, water etc., and has commitments towards "minimum charges /minimum consumption".

32. **Segment reporting**

a) **Business segment**

The Group has considered business segment as the primary segment for disclosure. The Group is primarily engaged in the manufacture and trading of Farm Inputs, which in the context of Accounting Standard 17 "Segment Reporting" is considered the only business segment. In respect of retail business of the Group, since this is not material, disclosure of business segment information is not considered necessary at this stage.

b) Geographical segment

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

33. Leases

The Group has entered into certain operating lease agreements and an amount of ₹1281 lakhs (2011: ₹1176 lakhs) paid under such agreements has been charged to the Consolidated Statement of Profit and Loss. These leases are generally not non-cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by such agreements.

34. Capitalisation of expenditure

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

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
Employee benefits expense	355	6
Finance costs (net)	628	644
Other expenses	264	–

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

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
Salaries, wages and bonus	244	186
Contribution to provident fund and other funds	20	65
Consumption of stores and spare parts	30	29
Power and fuel	9	10
Repairs to machinery	70	8
Miscellaneous expenses	95	38
	468	336

36. Related party disclosures

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

Names	Nature of relationship
E.I.D.-Parry (India) Limited	Holding Company
Parry Investments Limited	Fellow subsidiary
Parry Infrastructure Company Private Limited (PICPL)	Fellow subsidiary
Sadashiva Sugars Limited (SSL)	Fellow subsidiary
Parry Sugar Industries Limited (PSIL)	Fellow subsidiary
Coromandel Getax Phosphates Pte Ltd. (CGPL)	Joint venture
Coromandel SQM (India) Pvt Limited (CSQM)	Joint venture
Tunisian Indian Fertilisers. SA (TIFERT)	Joint venture
Mr. KapilMehan, Managing Director from 20.10.2010	Key management personnel
Mr. V. Ravichandran, Managing Director upto 19.10.2010	Key management personnel

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
(B) Transactions during the year:		
i) Sale of finished goods/raw materials/services (net of discounts)		
a) Holding Company	48	-
b) Fellow Subsidiary Company - SSL	-	34
c) Fellow Subsidiary Company - PSIL	-	137
d) Joint venture - CSQM	35	-
ii) Interest received from		
a) Fellow Subsidiary - (PICPL)	-	11
iii) Rent received		
a) Fellow Subsidiary Company - PICPL	175	175
iv) Expenses reimbursed by		
a) Holding Company	48	56
b) Fellow Subsidiary - PSIL	21	9
c) Fellow Subsidiary - PICPL	7	-
d) Joint venture - CSQM	20	1
e) Joint venture - TIFERT	5	5
v) Purchase of finished goods and services		
a) Holding Company	738	221
a) Fellow Subsidiary - PSIL	96	-
b) Joint venture - CSQM	100	-
vi) Expenses reimbursed to		
a) Holding Company	231	209
b) Fellow Subsidiary - SSL	*	*
vii) Interest received on Inter-corporate deposit		
a) Fellow Subsidiary - SSPL	9	-
b) Fellow Subsidiary - PSPL	19	-
c) Joint venture - CSQM	*	-
viii) Inter-corporate deposit given and received back		
a) Fellow Subsidiary - SSPL	2000	-
b) Fellow Subsidiary - PSPL	2900	-
c) Joint venture - CSQM	25	-
ix) Investment made in equity shares of		
a) Joint venture - CSQM	300	-
x) Dividend Paid		
a) Holding Company	12401	10618
b) Key management personnel - Mr. V. Ravichandran	-	3
xi) Remuneration to Key management personnel		
a) Mr. KapilMehan (from 20th October 2010)	229	90
b) Mr.V. Ravichandran (till 19th October 2010)	-	127

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
(C) Outstanding balances as at the year end		
a) Trade receivables/loans and advances		
- Fellow subsidiary - SSL	108	6
- Fellow subsidiary - PSIL	44	–
- Fellow subsidiary - PICPL	6	–
- Joint venture - CSQM	41	1
b) Trade payables/ other liabilities		
- Holding Company	124	111
- Fellow subsidiary (PSIL)	–	33
- Fellow Subsidiary - PICPL	3000	3000

Notes: a. *less than a lakh

b. The Company has extended guarantees on behalf of CFL Mauritius Limited and TIFERT. Refer Note 30(a).

c. The Company has provided comfort letters to certain banks in respect of Sabero. Refer Note 31(b).

37. Employee benefits

a. Defined benefit plans

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

(₹ in Lakhs)

Particulars	Gratuity Plan		Superannuation and other Pension Plans	
	2011-2012	2010-2011	**2011-2012**	2010-2011
Change in defined benefit obligation (DBO) during the year				
Present value of DBO at the beginning of the year	2501	2114	117	115
Current service cost	233	218	1	2
Interest cost	190	160	9	9
Actuarial loss/(gain)	183	241	(96)	(9)
Benefits paid	(240)	(232)	-	-
Projected benefit obligation at the end of the year	**2867**	**2501**	**31**	**117**
Amounts recognised in the Consolidated Balance Sheet				
Present value of DBO at the end of the year	2867	2501	31	117
Fair value of plan assets at the end of the year	2610	2192	-	-
Funded status of the plans - (asset)/ liability	**257**	**309**	**31**	**117**
Liability recognised in the Consolidated Balance Sheet	**257**	**309**	**31**	**117**
Components of employee expense				
Current service cost	233	218	1	2
Interest cost	190	160	9	9
Expected return on plan assets	(193)	(162)	-	-
Net actuarial (gain)/loss recognised in the period	149	174	(96)	(9)
Past service cost	-	-	-	-
Expense recognised in Consolidated Statement of Profit and Loss	**381**	**390**	**(86)**	**2**
Nature and extent of investment details of the plan assets*				
State and Central Securities	-	22.01%	-	-
Bonds	-	42.12%	-	-
Special deposits	-	35.88%	-	-
Insurer managed funds	100%	-	-	-
Actual return on plan assets*	**226**	**229**	-	-
Assumptions				
Discount rate	8%	8%	8%	8%
Estimated rate of return on plan assets	8%	8%	-	-
Expected rate of salary increase	5-7%	5-7%	-	-
Attrition rate	5%	5%	1 - 5%	1 - 5%

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

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

Experience adjustments:

(₹ in Lakhs)

	2011-2012	2010-2011	2009-2010	2008-09	2007-08
Gratuity					
Present value of DOB	2867	2501	2114	713	650
Fair value of plan assets	2610	2192	1846	715	673
Funded status [Asset/ (liability)]	(257)	(309)	(268)	2	23
Experience adjustments loss/(gain)					
- on plan liabilities	183	72	267	63	52
- on plan assets	(34)	(87)	(44)	(7)	(52)
Superannuation and other pension plans					
Present value of DOB	31	117	115	146	565
Fair value of plan assets	-	-	-	-	267
Funded status [Asset/ (liability)]	(31)	(117)	(115)	(146)	(298)
Experience adjustments (loss/(gain)					
- on plan liabilities	(96)	(9)	(45)	(21)	(73)
- on plan assets	-	-	-	-	59

b. **Defined contribution plans**

In respect of the defined contribution plans of the Company, an amount of ₹819 lakhs (2011: ₹725 lakhs) has been recognised as an expense in the Consolidated Statement of Profit and Loss during the year.

38. The Company has recognised subsidy income for the current year as per the prevalent Nutrient Based Subsidy (NBS) Policy announced by Government of India, effective 1 April 2011. Such income is included in "Government Subsidies" in the Statement of Profit and Loss. The subsidy income for the year includes ₹4612 lakhs (2011: ₹22652 lakhs) relating to earlier periods, following announcement/ determination of the same by Government. Further, in respect of the Office Memorandum dated 11 July 2011 issued by the Department of Fertilisers with regard to the recognition of subsidy income on the opening inventories as at 1 April 2011, the Company has recognised subsidy income based on estimates and the legal opinion obtained in this regard.

39. Consequent to the sale during the year of the remaining quantum of the Government of India Special Bonds and receipt of losses claimed from the Government of India, the Company accounted for the loss of ₹5275 lakhs for the year ended 31 March 2012 (2011: ₹3718 lakhs) and the same is included under other expenses (Refer Note 25). The provision toward mark to market loss made earlier on such bonds amounting to ₹6889 lakhs (2011: ₹6889 lakhs) has been reversed and is presented as 'Other operating revenue' (Refer Note 20).

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

41. The Company has obtained approvals from the shareholders and the stock exchanges, for issue of one 9% Unsecured Redeemable Non- convertible Fully Paid Bonus Debenture of ₹15 each for every equity share by appropriating the General Reserve through a Scheme of Arrangement ('Scheme'). The Company has filed the Scheme in the Hon'ble High Court of Andhra Pradesh and is awaiting its approval.

42. **Derivative instruments and unhedged foreign currency exposure in respect of the Company**

a. **Forward contracts outstanding as at the Balance Sheet date**

	Currency	Cross currency	No. of contracts	Amount in foreign currency (million)	Amount ₹ in lakhs	Buy/Sell
As at 31 March 2012	USD	INR	55	431.70	219649	Buy
	USD	INR	4	2.50	1272	Sell
As at 31 March 2011	USD	INR	110	403.82	180106	Buy
	USD	INR	1	0.25	112	Sell

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

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

	Currency	Cross currency	No. of contracts	Amount in foreign currency (million)	Amount ₹ in lakhs	Buy/Sell
As at 31 March 2012	USD	INR	13	70	35616	Buy
As at 31 March 2011	USD	INR	9	45	20070	Buy

The swap contract has been entered into to hedge the currency and interest rate risks on the external commercial borrowings of the Company [Refer Note 44(c)]

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

	Currency	As at 31 March 2012		As at 31 March 2011	
		Amount foreign currency in million	Amount ₹ in lakhs	Amount foreign currency in million	Amount ₹ in lakhs
Trade payables	USD	86.68	44102	-	-
	AED	32.59	4510	-	-
Advance to suppliers	SEK	0.30	22	*	13
	EUR	0.18	116	*	5
Trade receivables	USD	-	-	3.5	1578
Cash and cash equivalents	ZAR	-	-	*	3
Borrowings	USD	9.48	4825	-	-

*less than a lakh

43. **Interests in joint ventures**

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

(₹ in Lakhs)

Name of the entity	For the year ended 31 March 2012			For the year ended 31 March 2011		
	Coromandel Getax	Coromandel SQM	TIFERT*	Coromandel Getax	Coromandel SQM	TIFERT*
Country of Incorporation	Singapore	India	Tunisia	Singapore	India	Tunisia
Percentage of ownership interest	50%	50%	15%	50%	50%	15%
Non-current liabilities	-	-	23887	-	-	16419
Current liabilities	9	513	3604	5	3	5933
Non-current assets	-	388	35356	-	98	28406
Current assets	198	583	4034	174	98	4538
Income	2	191	69	-	6	85
Expenditure	3	226	196	2	8	42

*All figures are as per the unaudited financial statements for the year ended 31 December 2011 (Previous year for the year ended 31 December 2010) and information has been furnished to the extent available with the Company.

44. Other matters

a) Exchange difference in respect of forward exchange contracts relating to the Company to be recognised in the Consolidated Statement of Profit and Loss in the subsequent accounting period is ₹1969 lakhs debit (2011: ₹1200 lakhs debit).

b) As on 31 March 2012, the Company has foreign currency borrowing of US$ 70 million (2011: US$ 30.50 million). The Company has entered into principal and interest rate swaps amounting US$ 70 million (2011: US$ 45 million) to hedge the foreign currency and interest rate risks thereon. The Company has marked to market the foreign currency borrowings and the corresponding swap contracts and the net exchange differences arising thereon have been recognised in the Statement of Profit and Loss.

c) During the year, Sabero has incurred loss and accordingly remuneration paid to its directors amounting ₹88 lakhs is in excess of the limits prescribed under the Schedule XIII to the Act. Sabero has applied to the Central Government for approval of the said amounts.

45. The revised Schedule VI notified under the Act has become applicable effective from 1 April 2011 for preparation and presentation of financial statements. The Group has presented the previous year figures to conform to current year's classification in accordance with the requirements of the aforesaid notified Schedule VI. Accordingly, the audited consolidated financial statements of the year ended 31 March 2011 were reclassified/ regrouped/ represented and some information additionally disclosed where relevant and some other information redundant in the current context has not been presented.

46. Significant accounting policies

i. Basis of preparation of consolidated financial statements

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

The consolidated financial statements include accounts of Coromandel International Limited ("the Company") and its subsidiaries Sabero Organics Gujarat Limited, Sabero Organics America Ltda, Sabero Australia Pty Ltd, Sabero Europe BV, Sabero Argentina S.A., Parry Chemicals Limited, CFL Mauritius Limited, Mauritius, Coromandel Brasil Limitada, Brasil (a Limited Liability Partnership), its joint ventures Coromandel Getax Phosphates Pte Limited, Singapore, Coromandel SQM (India) Private Limited, India; Tunisian Indian Fertilisers S.A. (TIFERT), Tunisia, all together referred to as 'the Group'.

ii. Principles of Consolidation

In the preparation of these Consolidated Financial Statements, investments in subsidiaries and joint venture entities have been accounted for in accordance with AS-21 (Accounting for Consolidated Financial Statements) and AS-27 (Financial Reporting of Interests in Joint Ventures), respectively, notified under Section 211(3C) of the Act. The Consolidated Financial Statements have been prepared on the following basis:

a) The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating material intra-group balances and intra-group transactions resulting in unrealized profits and losses, as per AS-21. Consistency in adoption of accounting policies among all group companies is ensured to the extent practicable.

b) The difference between the cost of investment in the subsidiaries and the Company's share of equity at the time of acquisition of shares in the subsidiaries is recognised in the consolidated financial statement as goodwill or capital reserve.

c) Minority interest in the net assets of consolidated subsidiaries consists of:

i. The amount of equity attributable to the minorities at the date on which the investment in the subsidiaries is made; and

ii. The minorities' share of movements in equity since the date the parent-subsidiary relationship came in to existence

d) Investments in business entities over which the company exercises joint control are accounted for using the proportionate consolidation.

e) The operations of the Company's foreign subsidiaries and joint ventures are considered as non-integral operations for the purpose of consolidation. Accordingly, the exchange differences arising on conversion of their financial statements in to Indian Rupees are reflected under 'Foreign Currency Translation Reserve'.

iii. **List of subsidiaries and joint ventures considered for consolidation:**

Name of the Company	Relationship	Country of incorporation	Percentage of voting power as at	
			31 March 2012	31 March 2011
Sabero Organics Gujarat Limited (Sabero)	Subsidiary	India	74.57	-
Sabero Organics America Ltda (SOAL)	Subsidiary of Sabero	Brazil	99.94	-
Sabero Australia Pty Ltd, Australia (Sabero Australia)	Subsidiary of Sabero	Australia	100	-
Sabero Europe BV (Sabero Europe)	Subsidiary of Sabero	Netherlands	100	-
Sabero Argentina S.A. (Sabero Argentina)	Subsidiary of Sabero	Argentina	95	-
Parry Chemicals Limited (PCL)	Subsidiary	India	100	100
CFL Mauritius Limited (CML)	Subsidiary	Mauritius	100	100
Coromandel Brasil Limitada (CBL), Limited Liability Partnership	Subsidiary	Brazil	100	100
Coromandel Getax Phosphates Pte Ltd., (CGPL)	Joint venture	Singapore	50	50
Coromandel SQM India Private Limited (CSQMPL)	Joint venture	India	50	50
Tunisian Indian Fertilisers SA. (TIFERT)	Joint venture	Tunisia	15	15

a. In respect of SOAL, Sabero Australia, CML, CBL and CGPL the financial year is from 1 January 2011 to 31 December 2011 and accordingly audited financial statements are available up to 31 December 2011. These consolidated financial statements have been adjusted by the management for significant transactions between 1 January 2012 and 31 March 2012.

b. In respect of Sabero Europe the financial year is from 1 June 2011 to 31 May, 2012 and accordingly un-audited financial statements for the period 1 April 2011 to 31 March 2012 has been considered for the purpose of preparation of consolidated financial statements.

c. In respect of consolidation of TIFERT, since the audit has not yet been completed, unaudited financial statements up to 31 December 2011 have been used. However, management does not expect any significant variance on completion of the audit. Financials for the period 1 January 2012 to 31 March 2012 are not available and hence have not been considered for consolidation. Any differences arising based on audited financials will be adjusted in the subsequent year.

iv. **Use of estimates**

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

v. **Tangible fixed assets**

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

vi. **Depreciation and amortisation**

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

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

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

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

Intangible assetsare amortised on the straight-line method over their estimated useful lives ranging from 5-10 years.

vii. **Intangible assets**

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

viii. **Impairment**

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

ix. **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 Consolidated Statement of Profit and Loss.

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

x. **Investments**

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

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

xi. **Inventories**

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

a) Stores and spares - Weighted average cost.

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

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

d) Stock-in-trade - Weighted average cost

xii. **Trade receivables and loans and advances**

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

xiii. **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'.

xiv. **Revenue recognition**

a) Sale of goods is recognised at the point of despatch to customers. Sales include amounts recovered towards excise duty and exclude sales tax and value added tax.

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

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

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

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

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

xv. **Employee benefits**

a) **Defined contribution plans**

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

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

b) **Defined benefit plans**

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

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

c) **Other long term employee benefits**

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

d) **Short term employee benefits**

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

xvi. **Borrowing costs**

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

xvii. **Leases**

Finance leases, which effectively transfer to the lessee substantially all risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term by credit to liability for an equivalent amount. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

The lease rentals paid under operating leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are recognised as an expense in the Consolidated Statement of Profit and Loss on a straight line basis over the lease term.

xviii. Provisions, contingent liabilities and contingent assets

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

xix. Taxes on income

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

b) 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.

xx. Earnings per share

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

xxi. Employee stock option

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

For and on behalf of the Board of Directors

KAPIL MEHAN
Managing Director

A. VELLAYAN
Chairman

S. SANKARASUBRAMANIAN
Chief Financial Officer

M.R. RAJARAM
Company Secretary

Place: Hyderabad
Date : 23 April 2012

Statement pursuant to general exemption under Section 212(8) of the Companies Act,1956 relating to subsidiary companies:

(₹ in Lakhs)

Name of Subsidiary	Parry Chemicals Limited	CFL Mauritius Ltd.	Coromandel Brasila Ltda@	Sabero standalone*	Sabero Australia Pty Ltd.*	Sabero Organics America S.A.*	Sabero Europe B. V.*	Sabero Argentina S.A.*
	Year ended 31 March 2012	Year ended 31 December 2011	Year ended 31 December 2011	Year ended 31 March 2012	Year ended 31 December 2011	Year ended 31 December 2011	Year ended 31 May 2011	Year ended 31 December 2011
Share Capital	1,000	7,774	381	3,386	1	944	19	20
Reserves and Surplus	122	4,203	(371)	3,064	(14)	(242)	(19)	(12)
Total Liabilities$	212	2,253	21	31,607	15	13	2	4
Total Assets#	1,334	14,230	32	38,057	2	715	2	12
Total Income (incl. other income)	57	582	2	36,122	–	–		7
Profit/(Loss) Before Tax	11	347	(201)	(7,465)	–	(242)	(1)	2
Provision for Tax	8	1	–	(1,341)	–	–	–	–
Profit/(Loss) after Tax	3	346	(201)	(6,124)	–	(242)	(1)	2
Proposed Dividend (incld Dividend Tax)	–	–	–	–	–	–	–	–
Investments (included in Total Assets)	260	13,944*	–	820	–	–	–	–
Foreign currency	Indian rupee	USD	Brazilian real	Indian rupee	Australian dollar	Brazilian real	Euro	Argentina Peso
Closing exchange rate	–	50.88	27.96	–	53.84	27.96	69.16	11.84

$ (Non-current liabilities + Current liabilities)

(Non-current assets + Current Assets)

@ had become subsidiary during the year 2010-11

* has become subsidiary w.e.f 17 December 2011

* **Details of investments (unquoted)**

Foskor (Pty) Limited

South Africa Rand 1 each fully paid (Nos) 1082480

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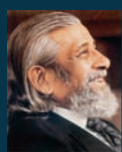

Coromandel represents both a ‘promise’ and a ‘fulfillment’. A promise to set up a modern fertiliser plant to promote the farmer with an essential requirement, and a fulfillment that an Indo-American effort has produced a fine model of efficient operation. The faith in private enterprise has thus been amply vindicated.

Dr. Bharat Ram
Chairman for 37 years
December 10, 1967

We are technically years ahead of other fertiliser plants in India. Our product is so good and logical that many other companies are planning to make Urea Ammonium Phosphate 28:28:0... By the time other companies start to manufacture 28:28:0, we will, with our experience, be able to beat them in price, expertise and services.

Mr. Vaughan C Hill
Managing Director (1968)

It is a privilege and honour to be associated with Coromandel, a company with an admirable sense of social responsibility towards the community and the environment.

Dr. Norman E Borlaug
Nobel Laureate

I see Coromandel continuing to be a model for modern business practices...

Mr. J H Eckart
Managing Director (1970)

”

DRIVING AGRICULTURAL GROWTH

SINCE 1961

We were born to feed a growing nation. As the years went by we watched that Nation grow from strength to strength. Nurturing her every step of the way with a powerful combination of knowledge and state-of-the-art technology. As she grew, so did we in tandem. Together we became stronger, smarter, better.

Today we stand before the world as a proud set. Each a testament to commitment, perseverance and faith. And yet we have no time to rest on our laurels. For new challenges face the Nation and the world. Food security, diminishing resources, rising costs. Challenges that need the experts, to improve the food security of our country.

At Coromandel we have dedicated 50 years to the human cause. Having played a key role in the green revolution of the country, we enhanced her food security by providing high quality farm inputs to Indian farmers. And the Indian farmers' happiness and prosperity has always been one of our priorities and we promise that we will strive towards what we believe is best for the nation in the future ahead of us.

Fertilisers | Crop Protection | Speciality Nutrients | Retail

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