

# CONSOLIDATING TO GROW MORE



# GROWING FROM STRENGTH TO STRENGTH

The journey began in 1961 guided by the founding purposes of helping India meet its self-sufficiency goal, while improving the prosperity of the agricultural community. Coromandel is proud to have partnered with the stakeholders for over half a century in the continuous pursuit of these founding purposes, that has seen the Company become the largest phosphatic fertiliser producer in the private sector and one of the premier agri-inputs providers in India.

The long-term demand fundamentals for agricultural growth are strong, supported by growing population and changing dietary mix. With depleting soil health, India will need to achieve higher agricultural productivity to be able to provide the appropriate supply response. We are excited by the opportunities and related challenges, that we envision will materialise in this space. We strongly believe that the series of strategic moves taken by us will propel us in consolidating our position to Grow More.

Coromandel has re-launched its brands and has repositioned its product offerings under two leading brands – GROMOR for chemical fertilisers and GODAVARI for organic fertilisers.

The product offerings have expanded over a period of time and Coromandel has significant presence in agrochemicals (with the acquisition of Sabero Organics), specialty nutrients, organic compost and rural retailing.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**A Vellayan**

Chairman

**V Ravichandran**

Vice Chairman

**K Balasubramanian**

Director

**B V R Mohan Reddy**

Director

**M M Venkatachalam**

Director

**Ranjana Kumar**

Director

**Uday Chander Khanna**

Director

**Kapil Mehan**

Managing Director

## MANAGEMENT TEAM

**Kapil Mehan**

Managing Director

**G Ravi Prasad**

President - Marketing (Fertilisers & Organic)

**Amir Alvi**

Sr Vice President & Head Manufacturing (Fertilisers)

**Arun Leslie George**

Sr Vice President & Head of HR

**P Gopalakrishna**

Sr Vice President - Speciality Nutrients & Business Development

**Harish Malhotra**

Sr Vice President - Commercial

**Ripu Daman Singh**

Sr Vice President & Head - Retail

**S Sankarasubramanian**

Sr Vice President & Chief Financial Officer

**M R Rajaram**

Company Secretary - (upto June 10, 2013)

**P Varadarajan**

Vice President - Legal & Company Secretary - (w.e.f. June 12, 2013)

## BANKERS

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

## AUDITORS

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

## COST AUDITORS

Mr V Kalyanaraman  
Mr Dantu Mitra

## REGISTRARS & SHARE TRANSFER AGENTS

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

## REGISTERED OFFICE

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

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# Chairman's Message



It gives me immense pleasure to be a part of the Coromandel family that has shaped the development of the Company over the last half a century with their focused energy and commitment to serve the agricultural community.

During the year 2012-13, the Indian economy endured the effects of the global slowdown and was also impacted by the slow pace of structural reforms which together dampened the investment climate and its economic performance. Fiscal deficit, inflation and volatile exchange rates have all been factors contributing to the extended downward pressure on the India's economy. The last year was a challenging one for the entire agricultural sector and the fertiliser industry which were buffeted by headwinds from the economic slowdown, the erratic monsoon which affected sowing patterns and the rising prices of raw materials/ rupee depreciation which affected the price of phosphatic fertilisers.

On the policy front, the growing disparity between urea and phosphatic fertiliser pricing does offer significant challenges. The current subsidy policy has resulted in artificially low urea prices relative to phosphatics and this has affected the application levels. This not only adversely affects the Government in balancing the budget due to the burgeoning subsidy bill but also the overall soil health due to suboptimal skewed application of NPK fertilisers which affects agricultural productivity. The Government is aware of these effects of the current subsidy policy and I am confident that a more balanced policy will emerge in the not too distant future.

While the completed year offered some short-term challenges, the long-term demand fundamentals that support the agricultural sector are strong. India is a young country with 1.2 billion people that is rapidly urbanizing and this dynamics will continue to support the growth of agriculture in India. The growing population and changing dietary consumption patterns afforded by growing income levels will mean that Indian agricultural practices will need to change and adopt higher and different types of agri-inputs to keep pace with the demand.

With the acquisition of Liberty group of companies, the Company has accelerated its planned entry into the Single Super Phosphate (SSP) segment. Liberty has the capacity to manufacture over ten lakh tons of SSP that allows Coromandel to reach the farming community in other parts of the country.

Continuing with the strong focus on building institutional capabilities to position the organization to navigate the current and future business demands, the Company has strengthened its talent pipeline and its ability to identify and mitigate risks. In addition, the Company has also invested to upgrade and expand its operations facilities to serve the long-term demand for agri-inputs in India.

Keeping our Vision firmly on the long-term and staying true to our founding principle to help India maximize its agricultural productivity and self-sufficiency, we have strengthened all aspects of Coromandel's business. We are confident of our way forward and are committed to delivering enhanced value to all our stakeholders. Your unstinted support as shareholders keeps us focused in our mission to GROwMORE.



**A. Vellayan**  
Chairman

## Managing Director's Message



Your Company's performance in the previous year reflected its ability to endure the pressure of economic woes, erratic monsoon and demand contraction. The sluggishness in demand and erratic monsoons especially in the Southern States coupled with increased prices of phosphatic fertilisers due to rupee depreciation and input costs increase led to lower consumption of complex fertilisers as compared with historical levels. In addition, the overall sentiment remained subdued in 2012-13 due to larger macroeconomic issues such as economic slowdown and rupee volatility. These suboptimal conditions resulted in the contraction of the overall market for complex fertilisers by 25 - 30% in Coromandel's key markets.

While the core phosphatic fertiliser markets have contracted in the year completed, Coromandel's Crop Protection, Speciality Nutrients and Agri-Retail businesses are moving well from the investment phase to the productive phase and achieved growth over previous years. The acquisition of Sabero had increased scale and size of the Crop Protection business and marketing integration carried out during the year has started yielding results. We have also increased our market presence in Brazil, Africa and South East Asia while pursuing a more focused and aligned brand strategy on the domestic front.

The Speciality Nutrient and Organic Fertiliser businesses were started with the stated intention to address soil deficiencies and improve the overall soil health and both the businesses continued to grow despite adverse market conditions. On the retail business front, the Company consolidated its retail footprint in Andhra Pradesh and Karnataka and will expand to other States like Maharashtra as and when market situation is right. The non-fertiliser business segment recorded healthy growth which augurs well for the overall profitability of retail outlets. The retail outlets continue to provide a complete portfolio of agri-inputs to the farmers while providing sound technical advice based on scientific practices.

Maintaining focus on the strong underlying long-term demand fundamentals of food security in India, the Company completed the commissioning of the third manufacturing unit (C-Train) with a view to further strengthen production facilities and provide value added products to farmers. Also, the Company has improved its safety performance at all its manufacturing locations and upgraded its facilities at Vishakapatnam and Ennore.

The acquisition of Liberty group of companies also enables the Company in enhancing the product portfolio and gives it a pan-India presence with market leadership in SSP segment. In our continuing efforts to maintain a steady supply of fertilisers to the farming community, we have upgraded all our manufacturing locations, improved capabilities and strengthened our raw material access with the commissioning of the phosphoric acid plant of our JV in Tunisia.

During the year, Coromandel has re-launched its brand and has repositioned its product offerings under the two leading brands - GROMOR for chemical fertilisers and GODAVARI for organic fertilisers. Besides strengthening brands, various other marketing initiatives have allowed Coromandel to increase its market-share in a contracting market and position itself for further growth with the revival of normal agricultural conditions and monsoon.

We strongly believe that demand for agricultural produce will continue to grow to meet the rising demand for food, feed and fibre and agricultural inputs will have a significant role to play in the same. As we continue to support and grow along with the Indian agricultural sector, we have consolidated all our businesses and made them more agile to respond to the market needs. With your continued support and our enhanced capabilities, we are confident to GROW MORE in the coming years.

A handwritten signature in dark ink, appearing to read 'Kapil Mehan'.

**Kapil Mehan**  
Managing Director

## FINANCIAL HIGHLIGHTS - TEN YEARS' RECORD

₹ in Lakhs

	Year Ended 31st March									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross revenue	122259	155417	187471	208423	380011	966781	652685	771902	993994	862727
Gross profit	13213	14670	17645	21812	45537	94903	84304	113649	114244	80154
Depreciation and amortisation expense	3264	3510	3708	3984	5213	5613	5923	6174	5616	5854
Finance costs	2872	1873	2401	3193	6983	8472	7537	8629	11651	17667
Profit before tax	7077	9287	11536	14635	33342	80818	70844	98846	96977	56633
Profit after tax	4311	6919	8355	10074	20976	49638	46820	69446	69327	44399
Net fixed assets@	37757	37134	36367	38241	73539	79184	81731	81434	94023	116999
Networth@	33105	37906	43799	51244	79444	112714	143499	190411	237119	217561
Earnings per share (₹)*	1.70	2.72	3.29	3.97	7.50	17.74	16.72	24.69	24.57	15.70
Dividend on equity (%)	65	75	85	100	175	500	500	700	700	450
Book value per share (₹)*	13.0	14.9	17.3	20.2	28.4	40.3	51.2	67.6	83.9	76.9

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.

@ 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.



# NOTICE

Notice is hereby given that the FIFTY FIRST Annual General Meeting of the Members of Coromandel International Limited will be held on Tuesday, July 23, 2013 at 10.30 AM at Hotel Minerva Grand, SD Road, Secunderabad 500003, to transact the following business:

## Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss of the Company for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mrs Ranjana Kumar, who retires by rotation and, being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr A Vellayan, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To consider, and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the vacancy caused by the retirement by rotation of Mr K Balasubramanian who has conveyed in writing to the Company his desire not to offer himself for re-appointment, be not filled up".

6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and in this connection, to consider and if deemed fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT M/s Deloitte Haskins & Sells, Chartered Accountants, bearing Registration No.008072S with the Institute of Chartered Accountants of India, be and they are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration of ₹40 lakhs (Rupees forty lakhs only) plus reimbursement of out of pocket expenses and applicable taxes."

## Special Business

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 309(4), 310 and other applicable provisions, if any, of the Companies Act, 1956, the Directors of the Company [including Alternate Directors but excluding the Managing Director(s) and Wholtime Director(s)] be paid remuneration by way of commission not exceeding 1% of the Company's net profits computed in the manner provided in Section 198 of the said Act, for each of the five financial years of the Company commencing from April 1, 2013; the proportion and manner of such payment and distribution to be as the Board may from time to time decide."

"RESOLVED FURTHER THAT the payment of commission, as aforesaid, shall be exclusive of the fees payable to such Directors for attending the meetings of the Board and Committees thereof."

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



**M.R. Rajaram**

Company Secretary

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

Dated: April 23, 2013

## NOTES:

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

An Explanatory Statement under Section 173 of the Companies Act, 1956, in respect of items 5, 7 and 8 is appended hereto.

The Register of Members and the Share Transfer Books of the Company will remain closed from June 21 to June 28, 2013 (both days inclusive).

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

Pursuant to the provisions of Section 205C of the Companies Act, 1956, the amount of dividend remaining unclaimed upto the financial year 2004-2005 has been transferred to the Investors Education & Protection Fund (IEPF). During the financial year 2012-13 the Company has transferred to IEPF a sum of ₹20,34,628 being the unclaimed dividend relating to the financial year 2004-05.



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

The Reserve Bank of India (RBI), has introduced a new electronic fund transfer platform called the National Electronic Clearing System (NECS) for disbursement of dividends. Earlier, Electronic Clearing Service (ECS) was used for payment of dividends directly to the bank accounts of shareholders. The advantages of NECS over ECS include faster credit of remittances to beneficiary's account, coverage of more bank branches and ease of operations for remitting agencies. NECS essentially operates on the new and unique bank account number (having not less than 10 digits) allotted by banks post implementation of the Core Banking Solutions (CBS).

This new (NECS compliant) account number is required to be intimated to your Depository Participant (in case your shares are in demat mode) or to the Company's Registrar & Share Transfer Agents (M/s Karvy Computershare Pvt. Ltd.) in case your shares are in physical mode for us to effect the dividend payment through the NECS mode.

#### **ANNEXURE TO NOTICE**

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

##### **Item No.5**

Mr K Balasubramanian, Director of the Company, is due to retire by rotation at the forthcoming Annual General Meeting. He has, however, by notice in writing addressed to the Company, conveyed his desire not to offer himself for re-appointment as Director. The Company does not intend to fill-up the resulting vacancy. The resolution at item no. 5 is pursuant to Section 256(4) of the Act.

##### **Item No.7**

Mr Uday Chander Khanna, was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on July 23, 2012 pursuant to Article 109 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. In terms of the said Section, Mr Uday Chander Khanna holds office only upto the forthcoming Annual General Meeting of the Company.

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

Mr Uday Chander Khanna is interested in the Resolution at this item of the Notice since it is related to his own appointment. A brief

resume, as required pursuant to Clause 49(VI) of the Listing Agreement entered into between the Company and the Stock Exchanges, is set out in the "Report on Corporate Governance" appearing at page no.32 of the Annual Report.

##### **Item No.8**

At the Forty Sixth Annual General Meeting of the Company held on July 22, 2008, the Members approved by a Special Resolution, the payment to Non Wholetime Directors' remuneration by way of commission not exceeding 1% of the Company's net profit for each of the five financial years commencing from April 1, 2008. The aforesaid five years period expired on March 31, 2013.

The Company has performed consistently well and had recorded all round growth in leaps and bounds over the last five years. This has been largely due to the increasing contributions made by the Directors who are required to devote considerable quality time and effort providing valuable guidance and counsel to the management team.

It is, therefore, considered desirable to pay the Non Wholetime Directors (including Alternate Directors) remuneration by way of commission not exceeding 1% of the Company's net profits for each of the five financial years commencing from April 1, 2013 in the manner stated in the text of the Special Resolution at item no. 8 of the Notice.

The proposed payment of remuneration by way of commission to Non Wholetime Directors, requires the approval of the Company in General Meeting by a Special Resolution. Hence, the Special Resolution at item no. 8 of the Notice.

All the Directors (other than Mr Kapil Mehan) are interested in the Special Resolution to the extent of the remuneration by way of commission that may be received by them.

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



**M.R. Rajaram**  
Company Secretary

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

Dated: April 23, 2013

## 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, 2013.

### Summary of Financial Results:

	₹ in crore	
	2012-13	2011-12
<b>Revenue:</b>		
From Operations	8560	9,823
Other	67	117
Total Revenue	<b>8627</b>	<b>9,940</b>
<b>Profit:</b>		
<b>Profit before Interest, Depreciation and Taxation</b>	802	1,178
Less: Interest	177	117
Depreciation	59	56
<b>Profit Before Exceptional Items &amp; Tax</b>	566	1005
<b>Exceptional Item</b>	-	(35)
<b>Profit Before Tax</b>	566	970
Less: Provision for Tax (including deferred tax credit)	122	277
<b>Profit After Tax</b>	444	693
Add: Surplus brought forward	481	318
<b>Amount available for appropriation</b>	925	1011
<b>Appropriations:</b>		
Transferred to debenture redemption reserve	25	-
Transferred to general reserve	250	300
Interim dividend [includes ₹7 lakhs on final dividend for 2011-12 (₹5 lakhs on final dividend for 2010-11)]	*	113
Proposed dividend	127	85
Dividend distribution tax	22	32
<b>Surplus carried to the Balance Sheet</b>	<b>501</b>	<b>481</b>

\*Less than ₹1 crore

### Operations

The year gone by was a very eventful one with a strategic acquisition of Liberty Phosphate Limited, market leader in SSP segment, on the one side and a steep decline in demand for P & K fertilisers on the other side. Demand contraction was driven by near drought conditions in key addressable market states of Andhra Pradesh, Karnataka and Maharashtra and steep increase in P & K fertilisers prices due to rupee depreciation. A very high disparity between Urea and Phosphates prices also impacted the demand for phosphatic fertilisers. These factors impacted sales volumes of the Company during the year, which in turn impacted adversely

profitability of the Company for the year under review. The Company had under the adverse conditions, improved its market share in the primary markets and recorded a total revenue of ₹8627 crore. Profit for the year before depreciation, interest and taxation was ₹802 crore and profit after tax was ₹444 crore. Your Company also improved the financial performance of Sabero Organics Gujarat Limited (Sabero) with company turning in EBIDTA of ₹50.80 crore as against (₹34.36) crore in the previous year.

Deficient monsoon during the year impacted other businesses as well viz., Crop Protection and Speciality Nutrients. With the acquisition of Sabero, Crop Protection business has expanded its product portfolio and increased the share of global business. The main thrust during the year was to integrate Sabero operations with the Company's business and enhance its presence in both domestic and global markets. These efforts have started yielding positive results with the formulations business registering a sales growth of 16% over the previous year. The business successfully redeployed the manufacturing capacity of Endosulfan plant to produce alternate products.

In Speciality Nutrient Business, while the adverse monsoon had impacted sulphur volumes, sale of Water Soluble Fertilisers registered a growth of 14%. In line with the overall strategy to enhance the Speciality Nutrients business the Company has adopted crop based approach for demand creation and also put in place dedicated sales force to improve the performance. Organic Manure business, despite adverse market conditions registered volume growth of 12%. The Company would continue to drive this business in helping the farmer to improve soil fertility.

Retail business, despite low off take of fertilisers, reported a 26% growth in non fertiliser products and the Company continues to focus on expanding its product portfolio. There are 550 outlets in the state of Andhra Pradesh and 96 outlets in Karnataka. The retail outlets have become the face of the Company and has helped in the increased sales of Pesticides and Speciality Nutrients. The Company's efforts are directed towards making these retail outlets a complete farm solution platform.

### Subsidiary Companies:

#### Acquisition of Liberty Phosphate Limited and Liberty Urvarak Limited (Liberty group)

During the year, your Company entered into a Share Purchase Agreement with the erstwhile promoters of Liberty group and acquired 70,19,406 equity shares (representing 48.62%) of Liberty Phosphate Limited (LPL) at ₹241/- per share. Consequent to this on March 7, 2013 the Company reconstituted the Board of LPL and took control of the management of LPL.

The Company, also made a public announcement to further acquire 37,53,933 equity shares (26%) of LPL through an Open Offer from the shareholders of LPL at a price of ₹241/- per share, pursuant to the provisions of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011. Approval of SEBI is awaited for completing the process of the open offer.

Your Company also acquired 100% equity shares of Liberty Urvarak Limited (LUL) from its shareholders. LUL has a manufacturing unit in Nimrani in the state of Madhya Pradesh. LUL holds 7,22,928 equity shares (representing 5%) of LPL. Your Company along with LUL holds 77,42,334 equity shares (representing 53.62%) of LPL. With completion of the abovesaid acquisition, both LPL and LUL have become subsidiaries of Coromandel.

LPL and LUL manufacture Single Super Phosphate (SSP) grade fertilisers with 5 manufacturing facilities spread across the States of Gujarat, Madhya Pradesh, Rajasthan and Uttar Pradesh. The shares of LPL are listed on the Bombay Stock Exchange.

Your Company had also signed a term sheet with the M/s Tungabhadra Fertilisers and Chemicals Company Limited (TFCL) for buying its business undertaking on slump sale basis.

The acquisition of LPL, LUL and proposed acquisition of the business undertaking of TFCL would make your Company a pan India Company and also would make the Company a formidable and leading player in SSP segment.

Despite adverse market conditions and deficient monsoon, LPL's total revenue for the year ended March 31, 2013 was ₹469.65 crore with a Net profit of ₹32.05 crore.

LUL's total revenue for the year ended March 31, 2013 was ₹90.76 crore with a Net profit of ₹5.37 crore.

In view of these acquisitions, your Company has deferred the setting up of SSP plant at Bhatinda, Punjab for the present.

#### **Sabero Organics Gujarat Limited (Sabero)**

Sabero's total revenue for the year ended March 31, 2013 was ₹515.78 crore with a Net profit of ₹7.73 crore as compared to a loss of ₹61.24 crore in the previous year.

#### **CFL Mauritius Limited:**

The company (a 100% subsidiary) earned a total revenue of US \$ 0.49 million (equivalent to ₹2.65 crore) and net profit of US \$ 0.09 million (equivalent to ₹0.48 crore) during the year ended December 31, 2012.

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

The company (a 100% subsidiary) earned a total revenue of ₹0.87 crore for the year ended March 31, 2013 and Profit after Tax was ₹0.36 crore.

PCL, during the year had acquired 100000 equity shares of Sabero Organics Gujarat Limited representing 0.295% from the stock market.

#### **Coromandel Brasil Limitada:**

The Limited Liability Partnership in Brazil incurred net loss of Brazilian Reals 0.45 million (equivalent to ₹1.21 crore) for the year ended December 31, 2012. Your Company had during the year made a further investment of ₹0.89 crore in this company.

#### **Joint Venture Companies**

##### **Tunisian Indian Fertilizers S.A. (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 in the last two years. With the restoration of near normalcy in Tunisia the plant has been commissioned and is in the process of being stabilized and the phosphoric acid supplies are expected to commence during the current financial year onwards. Your Company during the year had given a loan of US \$ 4.65 million to TIFERT to part fund the cost overrun of the project. 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 especially for the expanded capacity in Kakinada.

##### **Coromandel Getax Phosphates Pte Ltd**

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

##### **Coromandel SQM (India) Pvt Ltd.**

The joint venture company formed to set up a Water Soluble Fertilisers (WSF) Plant at Kakinada, Andhra Pradesh, has commenced its operations during the year 2011-12. The company earned a total revenue of ₹36.96 crore for the year ended March 31, 2013 and a Net profit of ₹1.61 crore.

#### **Strategic Investment**

##### **Foskor (Pty) Limited (South Africa):**

The relationship with Foskor continues to be beneficial to both the companies and ensures sourcing of critical raw material i.e., phosphoric acid. Coromandel along with CFL Mauritius Limited holds 14% equity of Foskor (Pty) Limited.

##### **Investment in Andhra Pradesh Gas Power Corporation Limited (APGPCL)**

The Company has acquired additional equity in APGPCL entitling it to draw power equivalent to 15.12 MW. With the existing holding

of shares equivalent to 5 MW, the total entitlement stands increased to 20.12 MW. The acquisition of additional shares in APGPCL would ensure regular power supply (at low cost) which would ensure smooth operations at Visakhapatnam and Kakinada plants.

### **Expansion Projects**

Your Company has successfully commissioned and commenced production from the new third Complex granulation train at Kakinada plant at a total cost of ₹337 crore. As part of this expansion, your Company also completed building storage tanks and other support facilities to augment infrastructure for the expanded capacities. With the commissioning of this plant, your Company has established facilities to produce up to 3.6 million MT of phosphatic fertilisers.

### **Safety, Health and Environment (SHE)**

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

Special focused drive on structural safety started at Ennore and Visakhapatnam, will continue to improve the structural integrity. Decommissioning of the ammonia storage terminal at Visakhapatnam was completed successfully and replacement of undersea ammonia pipe line at Ennore was carried out to sustain the mechanical integrity of critical operations. Increased emphasis was laid on contractor safety training, performance monitoring, continuous communication and initiation of a reward mechanism resulting in healthy plant safety environment.

All the plants continued to make significant progress in attaining external SHE recognition, and have been certified with ISO 14001 Environmental Management System certification and conforms to Process Safety Management System. DuPont safety management evaluation assessment was carried out and the action plan workshop is in progress. The overall safety environment continued to improve during the year under review.

### **Dividend**

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

### **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 allotted on July 23, 2012, one 9% Unsecured

Redeemable Non-convertible Fully Paid up Bonus Debenture of ₹15/- each for every equity share by appropriating the General Reserve through a Scheme of Arrangement. The Debentures are redeemable in three equal installments, the first installment commencing from July 2014. The Company has an option to redeem the debentures prior to its maturity.

### **Consolidated Financial Results**

Consolidated Financial Statements 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 and its subsidiary Dare Investments Limited, Sabero Organics Gujarat Limited and its subsidiaries, Liberty Phosphate Limited and its subsidiary Liberty Pesticides and Fertilisers Limited, Liberty Urvarak Limited, 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 at the Registered Office of the Company.

### **Awards/Recognition**

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

- Company was awarded Significant Achievement in the CII-EXIM Bank Business Excellence Award 2012 and Significant Achievement in HR Excellence Award 2012.
- Company received Institute of Directors Golden Peacock National Training Award for the year 2013.
- Company was awarded 'Retail Marketing Campaign of the Year award' under Awards for Retail Excellence presented by ET Now.

### **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 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 Sections 255, 256 and 262 of the Companies Act, 1956, Mr A Vellayan, Mrs Ranjana Kumar and Mr K Balasubramanian are retiring at the ensuing Annual General Meeting. Mr A Vellayan and Mrs Ranjana Kumar, being eligible, offer themselves for re-appointment. Mr K Balasubramanian expressed his desire to retire at the ensuing Annual General Meeting. The Board places on record its sincere appreciation of the services rendered by Mr K Balasubramanian during his tenure of directorship.

The Board of Directors appointed Mr Uday Chander Khanna as an Additional Director effective July 23, 2012. The Company has received notice from a Member proposing his nomination for Directorship.

## Auditors

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

## Cost Auditors

In pursuance of Section 233B of the Companies Act, 1956 the Central Government has ordered Cost Audit for Fertilisers and Insecticides products. Accordingly, Mr. V Kalyanaraman and Mr. Dantu Mitra, Cost Accountants, were appointed Cost Auditors to render reports to the Central Government. The Reports for the year 2011-12 were submitted on December 31, 2012 (due date February 15, 2013) and for the year 2012-13 the reports will be submitted on or before the due date.

## Disclosures

Additional information on conservation of energy, technology absorption and foreign exchange earnings/outgo, as required to

be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed hereto and forms part of this report.

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

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

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

## Acknowledgement

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

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

On behalf of the Board



**A Vellayan**  
Chairman

Place : Hyderabad  
Date : April 23, 2013



# MANAGEMENT DISCUSSION AND ANALYSIS

## 1. Economic scenario

The global economic scenario continues to be in a state of delicate stability with the US economy showing signs of moderate recovery with increase in job creation while the Eurozone continues to be weak. India has not been an exception to this slowing economic scenario and its GDP growth is estimated to be 5% for the year 2012-13.

In light of the slowing growth, the Government has taken mid-course corrections to resolve structural issues and reduce fiscal deficit, which is estimated to be 5.2% of GDP. While the Government of India has commenced pursuing pro-growth initiatives, the ability of the central bank to take a complimentary stance has been limited by high inflation. Tight monetary policies adopted by the central bank have moderated inflation to 7.4% in 2012-13. With the announcement of the various policy measures aimed at correcting the Indian economic growth trend, the earlier negative sentiment associated with Indian GDP growth projections have moderated and current institutional forecasts are now between 5.5 and 6.0% GDP growth in 2013-14. Successful implementation of the announced policy measures will further improve global confidence in India's investment climate.

Agriculture in the current environment faces challenges from multiple fronts; it has to produce sufficient food and fibre to feed the growing population with a smaller rural labor force, contribute to inclusive development in developing Nation while adopting sustainable agricultural practices and adapt to climate change.

Global population has been growing at ever faster rates and has crossed the 7 billion mark. Asia is home to approximately 60% of the world's population with India accounting for 1.2 billion people. This large and growing population has material ramifications on the global food production and supply dynamics. The global demand for cereals for food and animal feed is forecast to grow from the current 2.1 billion tons a year to nearly 3 billion tons by 2050. Economic development and the resulting income growth in the developing nations will drive dietary consumption practices to high-protein diets which are more food grain intensive. The implication of all the above factors is that the productivity of agricultural land will need to increase to meet the growing demand.

India's agricultural GDP growth in 2012-13 is estimated to be 1.9% and agricultural grain output is approximately 250 million tons despite facing headwinds from multiple fronts - erratic monsoon and higher input costs. The resilience of the Indian agricultural sector is evidenced by the fact that this output is only a marginal decline from the record 252 million tons achieved in 2011-12.

In 2012-13, the country as a whole received 92% of the Long Period Average (LPA) rainfall during the south west monsoon. While the overall rainfall received was marginally lower than the LPA, the nature of monsoon onset, which was delayed in certain states and deficient in others, contributed significantly to lower sowing and production in kharif 2012-13.

While the growth in agricultural sector has slowed, India

continues to be one of the largest agricultural producers with over 50% of its population engaged in various parts of the agriculture value chain. In addition, with over a billion people to feed, food security is of strategic importance to India. India's annual fertiliser consumption is roughly 145 kg per hectare and is below developed nations' usage and has to increase in volumes and re-balance for correct nutrient input levels.

The disparity in prices between "N" and "P" fertilisers poses challenge in balanced nutrient approach and Government policy response in this direction has been slow resulting in skewed NPK ratio which is likely to affect the food production in the long run. Fertiliser subsidy is more skewed towards Urea and given its impact on the fiscal deficit, needs an urgent review to ensure long-term soil health and productivity.

All early indications from weather reporting agencies have been for a normal south west monsoon in 2013-14. Assuming a normal monsoon, declining inflation and continued mild global recovery, the overall Indian GDP growth rate for 2013-14 is expected to improve which would augur well for the agricultural and fertiliser sector.

## 2. Organisation

Coromandel is a flagship Company of the Murugappa Group and is a subsidiary of EID Parry (India) Limited which holds 62.59% 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 600+ retail outlets set up in various parts of these States. The Company has 6 manufacturing facilities located in Andhra Pradesh (AP), Tamil Nadu (TN), Gujarat (GJ) and Jammu & Kashmir (J&K). The Company's products are marketed all over the Country through an extensive network of dealers and its own retail outlets.

During the year, the Company acquired 53.62% stake in Liberty Phosphate Limited, leading manufacturers of Single Super Phosphate (SSP) with presence in the northern part of the country, and also announced an open offer for the acquisition of an additional 26% from the public. The Company also acquired 100% equity in Liberty Urvarak Limited, a part of Liberty group. With these acquisitions, the Company now has made a strong entry into the north and west of India and commands a leading position in the phosphatic fertiliser sector with a complete portfolio of offerings.

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, Netherlands
- Sabero Argentina S.A., Argentina
- Parry Chemicals Limited, India



- Liberty Phosphate Limited, India
- Liberty Urvarak Limited, India
- Liberty Pesticides and Fertilisers Limited, India
- Dare Investments Limited, India
- CFL Mauritius Limited, Mauritius
- Coromandel Brasil Ltda, 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 the Company and CFL Mauritius Limited.

The Management Discussion and Analysis given below discusses the key issues concerning each of the Strategic Business Units (SBU) 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 36.25 Lakh tons of DAP and complex fertilisers, is the leading private sector player in phosphatic fertilisers in India. The Company produces and sells Nitrogen (N), 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.

With the acquisition of the Liberty group of companies, the Company has accelerated its planned entry into the north/western SSP sector and currently has the capacity to manufacture over 10 lakh tons of SSP. In addition, this also allows the Company to offer low P fertiliser products to the farming community in the core SSP markets - Gujarat, Rajasthan, Madhya Pradesh, Uttar Pradesh.

The Company has a complete range of products to offer including Urea as it has bagged government contracts for handling Urea at Kakinada and Karaikal ports. This allows the Company to compete in all fertiliser segments - nitrogenous, phosphatic and potassic fertilisers.

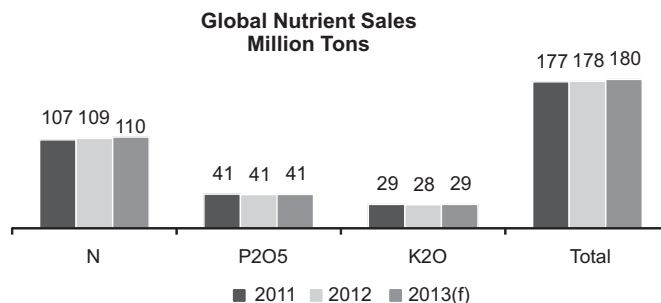
The Company's fertiliser manufacturing facilities are located at Visakhapatnam and Kakinada in Andhra Pradesh and Ennore and Ranipet in Tamil Nadu. The Company's fertilisers are sold under the well established 'Gromor' and 'Godavari' brand names.

#### (a) Industry scenario:

##### Global scenario:

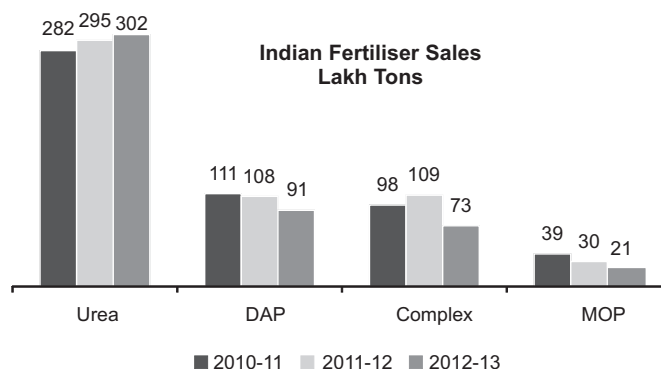
Global fertiliser sales in 2012 for N, P<sub>2</sub>O<sub>5</sub> and K<sub>2</sub>O was a combined 178 M tons - a 0.5% increase over 2011 levels. The economic slowdown in large consuming countries, adverse weather conditions and high prices

all were factors contributing to this slowdown. With the relative stabilization of the conditions and a moderately optimistic outlook, the consumption levels are expected to improve. According to IFA's latest forecasts, the fertiliser demand in 2013 should see a 1.3% growth over 2012 levels to 180.2 M tons.

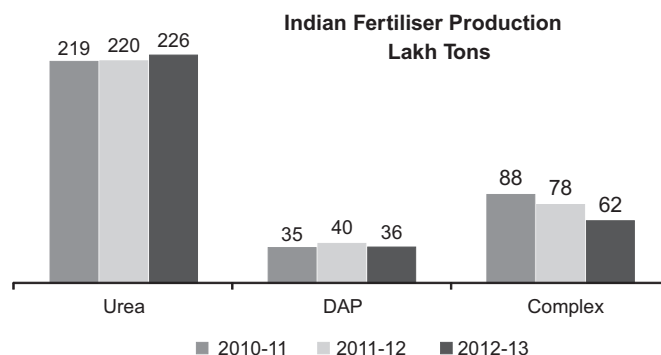


##### Indian Scenario:

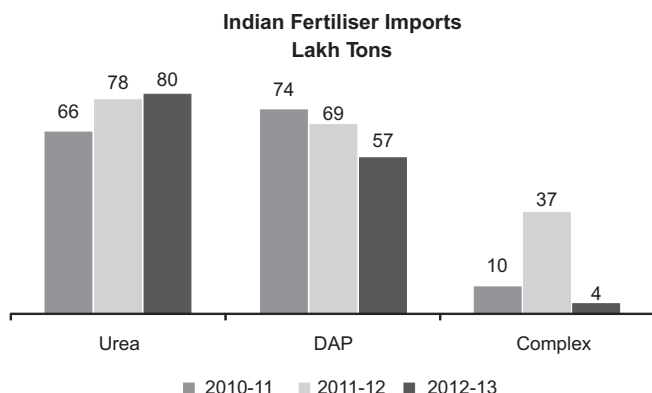
Urea recorded sale of 30.2 million tons representing almost 50% of the fertiliser consumption (by volume) in India. Phosphatic fertilisers, i.e. DAP and Complexes, together account for another 16 - 20 million tons of fertiliser consumption (by volume). The below chart provides a breakdown of the India fertiliser segment and the relative growths of the different product categories.



The domestic production levels declined by 10% and imports during the year, especially that of complex fertilisers, registered a significant drop of 89%.



The complex fertiliser imports in 2011-12 is more than likely to remain a one year phenomenon as the low quality of these products has resulted in a strong backlash from the farmers.



The combination of excess inventory from previous imports, material that was pre-positioned at the beginning of the year, the delayed and erratic monsoon in kharif 2012-13 and the steep price increase in prices due to currency depreciation, has resulted in a glut situation in the market. Adverse monsoon in the Company's key addressable markets of Andhra Pradesh (AP), Tamil Nadu (TN), Karnataka (KA) and Maharashtra (MH) has resulted in demand contraction for phosphatic fertilisers by 25% - 30%. However, Coromandel leveraged its re-launched brands and high quality product and bags to improve its market-share for DAP and complexes in the primary markets in a contracting market environment from 9.7% to 14.8% for DAP and from 44.7% to 45.7% for complexes.

While the overall consumption of phosphatic fertilisers has declined in the last two years due to a multitude of factors, it is set to rebound in the near to medium term as the farming community increases the P and K nutrient inputs in order to avoid adverse impact on crop yields. Farmers who have deferred the application of phosphatics in previous years will have to re-commence its application in order to improve soil health and output. Revision in Minimum Support Prices (MSPs) by Government to compensate for the input cost increase has definitely helped the farmers to move in this direction.

#### (b) Government policies:

Nutrient Based Subsidy (NBS) policy continued to be in effect for the third straight year for phosphatic fertilisers and its full impact on prices and market dynamics was felt in 2012-13. NBS policy has achieved the intended purpose of ensuring adequate availability of fertilisers during season and reduced the subsidy bill thereby giving the Government much expected relief in managing the fiscal deficit. The sudden depreciation of currency and hardening of international prices of some of the inputs has forced the Industry to pass on the cost to the

consumers under the fixed subsidy rate regime and this has faced resistance in the absence of not so good monsoon conditions. While prices of phosphatic fertilisers moved up by approximately 20-30%, the price of Urea has remained artificially low. With the increased pressure on fiscal deficit, the Government in all likelihood is expected to reduce subsidy. It becomes imperative for the Government to take a pragmatic view on Urea pricing policy, as the fertiliser subsidy allocation for 2013-14 (₹29,427 Cr for phosphatics, ₹21,000 for indigenous Urea and ₹15,545 for imported Urea) has been retained at the last year level.

In line with the softening trend in international prices of DAP and Potash the Government plans to reduce the subsidy on phosphorous (P) and potash (K) nutrients for 2013-14 as well.

The target for farm credit in 2013-14 has been established at ₹7 lakh crore as compared with the ₹5.75 lakh crore that was earmarked for the same purpose in 2012-13. This increase will provide the necessary stimulus to the farming community and will increase the farm spending. In addition, the current year budget has allocated ₹5,000 crore to NABARD for the creation of agri-storage facilities. All these steps augur well for the farming community.

#### (c) Performance:

The fiscal year 2012-13 has been a challenging one for the Fertiliser industry. The high prices for DAP and Complexes relative to Urea and erratic south west monsoon have affected the application rates and fertiliser sales. This lowered consumption of DAP and Complex fertilisers has led to the inventory build-up across the supply chain resulting in a situation of oversupply. As a result, the industry as a whole recorded DAP sales of 91 lakh tons and Complex sales of 73 lakh tons in 2012-13 which is 15% and 33% lower than previous year levels respectively. Coromandel's combined DAP, Complex and SSP fertiliser sales for 2012-13 was 21.50 lakh tons.

The total production of DAP, Complex and SSP in 2012-13 from Coromandel's production facilities was 18.57 lakh tons. The Company has slowed down production during the year to align with the market requirement and also to avoid excess inventory buildup. All four fertiliser plants have reported improved operational efficiencies and maintained safety and environmental standards. The timely purchase of raw materials and pro-active foreign exchange management has helped the Company to improve overall performance.

In 2012-13, the Company has repositioned the brands for its products and organized all chemical fertilisers under the flagship "GROMOR" brand and all organic fertilisers under the flagship "Godavari" brand. This rebranding exercise has been completed and launched with

redesigned high quality bags. These efforts will further strengthen the brand equity of these brands which are currently measuring 6.7. Based on the brand re-launch and marketing efforts, Coromandel increased its market-share in AP, TN, KA and MH.

The Company completed the capacity expansion at Kakinada and commissioned the new third granulation train (C-Train) and all associated support facilities in 2012-13. The newly installed capacity at Kakinada will allow Coromandel to manufacture unique grades of fertilisers and provide value added products to the farmer. As part of its tie up with Shell for manufacture of Sulfur enhanced fertilisers, the Visakhapatnam plant successfully commenced trial production of 24:24:0:8S using Shell's Thiogro technology.

The Company has been investing continuously in meeting its obligations towards protecting the environment. Towards this step, during the year the Green Visaka project was continued with the planting of over 20,000 trees. Safety of the employees and the community is of paramount importance to the Company and in order to maintain a safe working culture in all its manufacturing locations, the Company has invested and improved the structural integrity at its Vishakhapatnam and Ennore plants. The Company will continue to undertake investments in further improving the safety culture at its plants.

## **B. Crop Protection SBU:**

### **a) Industry Scenario**

Agro-chemicals industry across globe witnessed a growth of 8.9% on nominal terms and growth of 6.4% on real terms, over previous year with revenues of \$47.3 billion. This growth was boosted by significant volume growth in many countries while prices witnessed modest rises. Along with non-crop agrochemicals consumption the industry size was \$53 billion in 2012.

Among different regions Latin America achieved a growth of nearly 13%, boosted by strong farm economy in Brazil and Argentina. Asia witnessed a growth of nearly 5% affected by variable monsoon in India. Europe had a growth of below 2% affected by extreme temperatures in Russia and Southern Europe.

Across globe farm economy is expected to have a good year given high commodity prices and this is expected to influence growth of agrochemicals consumption positively and global business is expected to grow at 5% under normal weather conditions.

Indian Industry, coming out of poor Rabi in previous year, was affected by variable monsoon in 2012-13. This coupled with high prices of fertilisers, affected farm economy in North, Gujarat, Maharashtra and some parts of Karnataka. While cotton acreage fell by nearly 10%

over previous year, Paddy crop was affected due to lower water storage in dams in critical states. These adverse conditions affected Industry while increased consumption of herbicides and insecticides in Soya and Pulses segments helped the industry to achieve marginal growth, below expected levels.

Indian Agriculture continues to perform resiliently under adverse conditions. Government continues to permit export of wheat and other select commodities whose stocks are excess in storage.

Growing demand for food crops and high commodity prices for most of the crops other than cotton, are expected to boost consumption of agrochemicals and growth of domestic industry is expected to rebound under normal monsoon conditions.

### **b) Crop Protection SBU Performance:**

Having acquired M/s Sabero Organics Gujarat Ltd (Sabero) in the previous year, SBU could expand its manufacturing base of active ingredients for exports in time to capture the growth in global markets.

During the year 2012-13 SBU could achieve a turnover of ₹491 crores, a growth of 11% over previous year despite adverse conditions in critical states in India. SBU could leverage on its network to scale-up technicals being manufactured by Sabero.

During the year, formulations business of Sabero was integrated with Coromandel resulting in more foot-print in markets which had limited access earlier. SBU could strengthen its presence in new markets and serve new crop segments like potato and apple leveraged with the expanded basket of products in its fungicides range.

SBU could leverage its presence in Brazil, which is the biggest and fast growing market for global agrochemicals industry, to export more of products from combined range of Coromandel and Sabero portfolios.

Domestic formulations business could overcome the impact of variable monsoon in critical states and achieved a growth of nearly 10% over previous year. Sales through Company's retail outlets in AP and Karnataka continue to grow well with increased range of products. SBU could introduce new specialty fungicides through its strategic tie-ups with few MNCs.

With its increased range of captive technicals, strategic partnerships to source new products, strong pipeline of off-patent products and presence in growing geographies and segments and anticipated normal monsoon conditions in 2013-14, SBU is set to grow at a faster pace in realising its vision to become a significant global player in agrochemicals industry.

### C. Speciality Nutrients SBU

Speciality Nutrients Division (SND) comprises of three segments - Water Soluble Fertilisers (WSF)- Foliar and Fertigation, Bentonite Sulphur products and Micro Nutrients. Inspite of adverse condition in primary markets of SND, namely Karnataka, Maharashtra, Andhra Pradesh and Gujarat, the business has grown in WSF and Micro Nutrient segments by 14% and 16%, respectively. Though subdued demand and higher pipeline stocks reduced the demand for fresh sales of Sulphur products, Coromandel continued its market leadership in Sulphur and WSF segments.

Recognizing high growth and emerging opportunities in the Specialty Nutrients industry, the team is restructured to bring focus in the field. This team will have crop based approach and form into crop based units for high potential selective crops. It is expected to capture the growing market of WSF, which is attributed to increased acreage under drip irrigation on select crops.

The joint venture with SQM, Coromandel SQM (CSQM), has become fully operational during the year. CSQM provides technical and product support for Coromandel's SND team to attain market leadership in WSF.

### D. Retail SBU

The Retail Business is an exclusive agri-focused rural retail concept unique to Coromandel in the Indian agricultural-inputs sector. Subsequent to the restructuring from previous year and exit from the lifestyle products, the Retail Business has grown last year and the non-fertiliser segment has grown by 26%. The Retail Business has commenced "GROMOR Webinar" sessions which are farmer education programs designed to promote scientific and technical information sharing over a webcast. Subject matter specialists in agriculture are connected through webinars to farmers present at various Coromandel retail outlets.

The business has also been pioneering the commercialisation of Farm Mechanization Services (FMS) to improve the overall farm productivity and address the rural labor shortage issue. In 2012-13 the FMS segment successfully transplanted 3,650 acres of paddy.

The Retail Business has received many prestigious awards in 2012-13 in recognition of its contribution to agriculture and business performance in rural retail.

- Received "Retail Marketing Campaign of the Year" award under "Awards for Retail Excellence presented by ET Now" organized by Asia Retail Congress 2013.
- Received 3 CSR awards during the "Global Sustainability Conference" organized by World CSR.
  - ◆ Green Business award - For promoting organic manures

- ◆ Sustainable Business practices - For promoting INM, IPM and other sustainable agricultural practices
- ◆ Best Rural outreach - For the overall farmer services rendered by the retail outlets of Coromandel

### 4. Strengths and Opportunities:

Coromandel produces fertilisers from four manufacturing locations - Vishakapatnam, Kakinada, Ennore and Ranipet - that are all strategically located to serve key markets of Andhra Pradesh, Karnataka, Tamil Nadu and Maharashtra. With the acquisition of Liberty Phosphates, the Company has expanded its geographical presence to northern and western markets. The Company's brands Gromor and Godavari are all well established. The brand equity enjoyed by these brands in combination with the proximity of the manufacturing locations to key markets is one of the key strengths enjoyed by Coromandel.

Over a period of time the Company has been expanding the capacities and the plants are capable of producing different grades of complex fertilisers including urea based grades. The Company has also created adequate infrastructure facilities and storage facilities commensurate to the production capacities which help in managing volatility in raw material prices and ensuring uninterrupted production. Production facilities for intermediates like phosphoric acid and sulphuric acid in Visakhapatnam and Ennore help in capturing value addition in own manufacture and derisk the business. Captive power source and stake in APGPCL helps in keeping the conversion cost low and efficiencies at par with best in the Industry.

The Company has established key strategic tie-ups for raw materials and this ensure sustained availability of materials to operate the plant at optimal levels of production.

The Company conducts R&D in its facility at Visakhapatnam where it has the ability to test and optimize processes for specific product grades and rock from various sources. In addition, the Company has tested and produced Sulfur Enhanced Fertilisers using the Thiogro technology based on its technical partnership with Shell. The Company also regularly conducts tests at its R&D farm and uses this knowledge to develop unique grades of fertilisers and agri-inputs that target specific crops or address specific localized issues.

The Company augments its strong presence in fertilisers with offerings in the Agro-Chemicals (pesticides, fungicides and herbicides), Specialty Nutrients and Organic segments. This complete basket of offerings to the farming community allows Coromandel to address all the needs of its customer base and offer holistic solutions. As part of its continuing efforts to provide holistic solutions, Coromandel undertakes farm demonstrations (over seven hundred in 2012-13) using its products while highlighting scientifically proven agricultural practices and conducts soil tests to identify deficiencies and provides tailored

advice to the farming community. The Company is also conducting pilot trials for providing farm mechanization services to the farmers to address their labor shortage problems. This combination of a complete basket of products and dissemination of scientifically proven techniques enables Coromandel to build loyalty with farmers.

The Company operates 600+ Mana Gromor and Namma Gromor retail outlets in Andhra Pradesh and Karnataka respectively through which it markets its products directly to the farmers. These Retail outlets have become the face of the Company in rural locations and allow for first-hand information exchange with the farming community. Besides captive distribution network, Company also distributes the products through dealers/distributors and has expanded its distribution network all over India.

## 5. Outlook

Increasing urbanization, higher disposable income levels, growing population base to feed and changes in consumption patterns towards higher protein, fruits and vegetables intake will continue to be the long-term growth drivers for the agricultural inputs sector. The core long term demand drivers for the fertiliser industry remain steady with improving farm economics and rising thrust on irrigation. While the long-term demand side fundamentals are firmly in place, the short-term supply side fundamentals are continuing to emerge in India.

The pro-Nitrogen subsidy policy that is currently in place will continue to face pressure from multiple fronts - imbalanced nutrient application resulting in poor soil health & productivity, high fiscal deficit and industrial advocacy to name a few. The Government will continue to lower subsidies for the decontrolled fertilisers in the near term to reduce the burgeoning subsidy payments and reduce fiscal deficit. Substantial increase in Urea price and its eventual move to NBS is an urgent need to correct nutrient use balance which has worsened over the last three years.

While the policy issues will continue to be debated and developed over a period of time, the Company has been actively planning to meet the long term demands of the agricultural inputs sector. With the recent commissioning of C-Train, the Company has positioned itself to be the leading Phosphatic fertiliser player in private sector in the country. In addition, the Company has improved its manufacturing facilities at Visakhapatnam and Ennore to ensure sustainable operations for the long-term. With these changes, the manufacturing base of the Company has been positioned to be capable of meeting the needs of the phosphatic fertiliser sector.

Further, the Company has been continuing to pursue strategic alliances for raw material supply. The TIFERT JV project in Tunisia has been commissioned and is expected to commence supply soon. In addition, the Company will continue to actively scout for other raw material and backward integration opportunities.

In the Crop Protection Business, the Company will continue to focus on specialities and will scale up formulation sales based on captive technicals including additional range being manufactured by Sabero. The Company is also actively expanding its global footprint by leveraging Sabero and will continue to increase its presence in Latin America, Africa and South East Asia. In addition, the Company will continue to maintain a global focus and increase its reach by increasing its portfolio of global registrations.

The Specialty Nutrient Business will continue to be a growing business segment. Increased consumption of high value products like fruits and vegetables resulting from rising income levels will be the primary engine behind growth in this segment. Acreage under drip irrigation will continue to increase and drive the usage of Water Soluble Fertilisers (WSF). This business segment will assume a crop based focus and expand its basket of offerings by leveraging its joint venture with SQM.

The Rural Retail Business will continue to be the face of the Company in rural India. In 2012-13 the Company has restructured its retail footprint - Mana Gromor Centers in Andhra Pradesh and Namma Gromor Centers in Karnataka - by repositioning some existing outlets. In addition to these outlets being the primary source of cash sales of agri-inputs, the retail outlets are vital to the dissemination of scientific agricultural techniques and will continue to host webinars to connect the farmers to the scientific community.

## 6. Risk Management

### Overview

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

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

### Risk Management Framework

#### Risk Management Structure

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



## Risk Categories

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

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

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

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

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

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

Risk	Risk Impact	Mitigation Plan
<b>Environmental/Economic/Regulatory Risks</b>		
Handling and storage of hazardous materials incl., Ammonia, SO <sub>2</sub> etc.	<ul style="list-style-type: none"> <li>- Impact on operations</li> <li>- Stoppage of production</li> <li>- Accidents resulting from release of the hazardous materials and consequent claims</li> </ul>	<ul style="list-style-type: none"> <li>● Strict PSMS implementation</li> <li>● Strict adherence to maintenance/inspection schedules, training and emergency/disaster management plans</li> <li>● ISO 14001 &amp; OHSAS 18001</li> </ul>
Un-treated effluents causing pollution	<ul style="list-style-type: none"> <li>- Revocation of factory license</li> <li>- Civil/criminal action</li> </ul>	<ul style="list-style-type: none"> <li>● Augmenting ETP facilities</li> <li>● Strict adherence to PC standards</li> </ul>
Non-compliance with Legal / Regulatory/Tax Compliance -Including other Countries	<ul style="list-style-type: none"> <li>- Disruption of operations</li> <li>- Legal proceedings against the Company and its officials.</li> </ul>	<ul style="list-style-type: none"> <li>● Understanding/awareness of regulations and statutes</li> <li>● Engagement/advice by renowned lawyers and experts</li> <li>● Monitoring regulatory changes</li> </ul>
Non compliance with FCO Standards & Specifications	<ul style="list-style-type: none"> <li>- Civil/criminal proceedings</li> <li>- Production stoppages</li> <li>- Disallowance of subsidy claims</li> </ul>	<ul style="list-style-type: none"> <li>● Rigid quality checks at Plants</li> <li>● Test verification of bags</li> <li>● Reprocessing of non-standard materials</li> <li>● Better bags handling procedures</li> </ul>
Change in Government Subsidy Policies	<ul style="list-style-type: none"> <li>- Impact on turnover/working capital</li> <li>- Change in product mix</li> <li>- Change in distribution pattern</li> </ul>	<ul style="list-style-type: none"> <li>● New grades/customized Fertilisers</li> <li>● Increased focus on non-subsidy Business</li> <li>● Optimisation of rail road transportation</li> <li>● Liaison with Government</li> </ul>
Restriction on sale/usage of some crop protection products in India/abroad	<ul style="list-style-type: none"> <li>- Impact on turnover/profitability</li> <li>- Negative publicity</li> </ul>	<ul style="list-style-type: none"> <li>● Development of newer and safer technical</li> <li>● Extension of product life-cycle</li> </ul>



Risk	Risk Impact	Mitigation Plan
<b>Operational Risks</b>		
Volatility in the price of key raw materials	<ul style="list-style-type: none"> <li>- Impact on revenues.</li> <li>- Increased cost of production</li> <li>- Increase in working capital requirement</li> <li>- Volume shrinkage</li> </ul>	<ul style="list-style-type: none"> <li>• Close monitoring of international price of raw materials.</li> <li>• Tie-up for expanded product range</li> </ul>
Product life-cycle obsolescence	<ul style="list-style-type: none"> <li>- Impact on turnover/profitability</li> </ul>	<ul style="list-style-type: none"> <li>• Identification of new off-patent molecules</li> <li>• R&amp;D initiatives</li> </ul>
Introduction of pest/resistant BT crops or change in crop pattern		<ul style="list-style-type: none"> <li>• Identification of emerging pests and suitable molecules</li> <li>• Introduction of new products</li> </ul>
Loss due to shrinkage at Rural Retail Centres	<ul style="list-style-type: none"> <li>- Impact on profitability</li> <li>- Financial loss</li> </ul>	<ul style="list-style-type: none"> <li>• Close monitoring of inventory, regular inspection/audit daily MIS</li> </ul>
<b>Financial Risks</b>		
Currency and exchange fluctuation risk	<ul style="list-style-type: none"> <li>- Under recovery of Subsidy</li> <li>- Impact on profitability</li> </ul>	<ul style="list-style-type: none"> <li>• Close monitoring of exchange trend</li> <li>• Forward covers at appropriate time and level</li> </ul>
Interest rate risk	<ul style="list-style-type: none"> <li>- Increase in cost of borrowing</li> <li>- Impact on profitability</li> </ul>	<ul style="list-style-type: none"> <li>• Healthy debt-equity and interest cover ratio</li> <li>• Sustain good credit rating</li> </ul>
Credit risk	<ul style="list-style-type: none"> <li>- Impact on working capital</li> <li>- Dues becoming bad</li> <li>- Loss of interest</li> </ul>	<ul style="list-style-type: none"> <li>• Review of credit evaluation and limits</li> <li>• Close monitoring receivables</li> </ul>
Liquidity risk - Delay in subsidy settlement	<ul style="list-style-type: none"> <li>- Impact on working capital</li> <li>- Increase in cost of borrowing</li> </ul>	<ul style="list-style-type: none"> <li>• Close monitoring of subsidy dues</li> <li>• Increased working capital facilities</li> <li>• Securitization of subsidy dues</li> </ul>
<b>Legal &amp; Human Resource</b>		
Contractual Liability Risk	<ul style="list-style-type: none"> <li>- Disruption of operations</li> <li>- Impact on turnover &amp; profitability</li> </ul>	<ul style="list-style-type: none"> <li>• Clearance from legal cell</li> <li>• Independent experts' services for important contracts</li> </ul>
Attrition of skilled/trained manpower	<ul style="list-style-type: none"> <li>- Disruption of operations</li> <li>- Knowledge dissipation</li> </ul>	<ul style="list-style-type: none"> <li>• Compensation revision inline with market</li> <li>• Succession Planning</li> <li>• Career planning and training</li> </ul>
<p>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.</p> <p>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.</p>		

## 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 recourses. These systems are reviewed and improved on a regular basis.

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

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

## 8. Finance

The Company's total revenue for the year 2012-13 stood at ₹8627 crore as compared to ₹9940 crore in the previous year. The Company's PBT is ₹566 crore as compared to ₹970 crore in the previous year. The Company generated ₹818 crore (2012: ₹1109 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 ₹998 crore (2012: ₹110 crore).

During the year, the Company commenced commercial operations of the third granulation train ("C" train) in Kakinada at a cost of ₹337 crore. With this, the Company's operating capacity for manufacture of fertilisers of various grades has increased from 32 lakh tons to 36.25 lakh tons

During the year the Company acquired 53.62% (including 5% held by Liberty Urvarak Limited) stake in Liberty Phosphate limited (LPL) and 100% stake in Liberty Urvarak Limited (LUL). The Company has approached SEBI for making an open offer to the shareholders of LPL for acquiring upto 26% of share capital from the public. The Company has also signed a term sheet to purchase the business undertaking of a Liberty group company, Tungabhadra Fertilisers and Chemicals Company limited (TFCCCL). Total cost of acquisition of the Liberty Group is expected to be in the range of ₹348 crore to ₹375 crore.

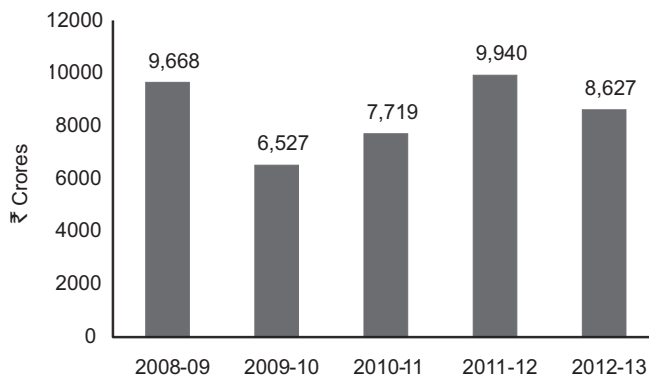
During the year, the Company issued 9% Unsecured Redeemable Non-convertible Fully Paid Bonus Debentures of ₹15 each for every equity share amounting to ₹424.23 Cr. and the same has been carved out of Reserves and Surplus. The Bonus debentures are listed on BSE and NSE.

Higher levels of receivables due to extended credit to the trade channel have led to an overall increase in the working capital position of the Company; and the Company is meeting the increased working capital requirements by availing credit from suppliers and by resorting to a prudent mix of rupee and foreign currency borrowings. The Company is actively working towards realizing the receivables at the earliest. The Company has tied

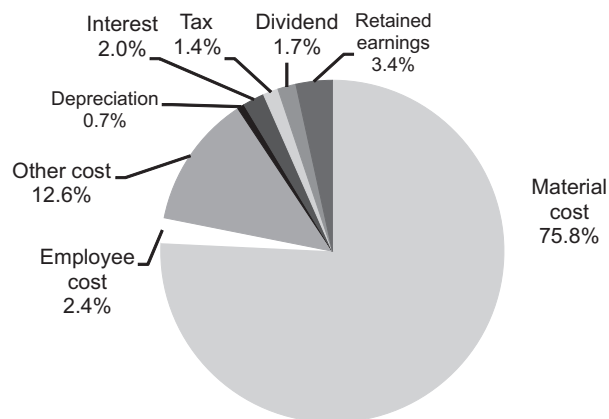
up long term ECB loans to fund capital projects. The Company's long term debt: equity ratio has gone up to 0.37 compared to 0.13 in the previous year, due to allotment of bonus debentures. The Company's liquidity position continues to remain healthy with year-end cash and bank balance of ₹453 crore of temporary surplus retained in short term bank deposits/ current accounts. The Company's long term credit rating by 'CRISIL' was reaffirmed at 'CRISIL AA+ (stable)' and short term debt rating at "CRISIL A1+".

## 9. Value creation and financial analysis

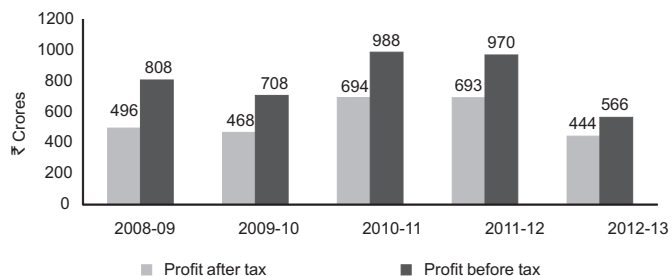
### Revenue trend

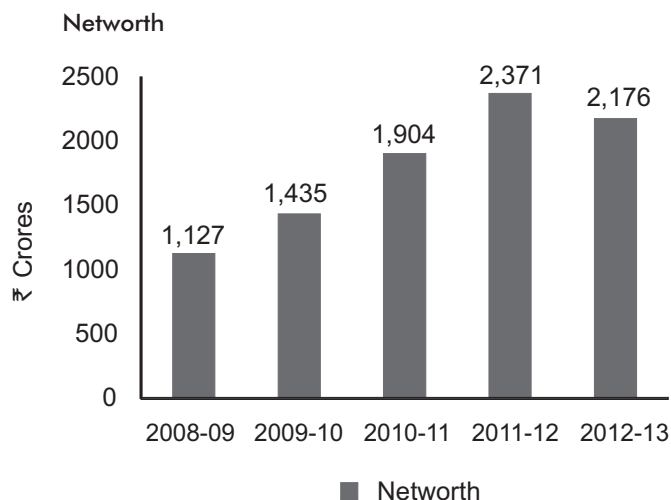


### Distribution of income during 2012-13

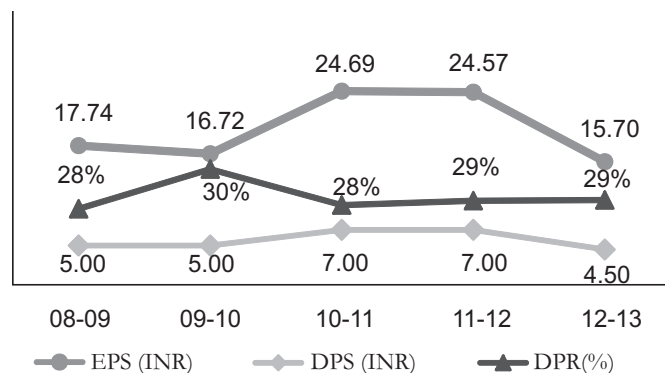


### Profitability trend





**Earnings (EPS), dividend per share (DPS) and dividend payout ratio (DPR)**



## 10. Human resources /Industrial relations

During the year industrial relations across all the plants continued to remain cordial. Long Term Settlement at Ankleshwar was concluded under section 18(1) of The Industrial Disputes Act, 1947 for a period of 4 years.

The focus on leadership development continued with Coromandel's Leadership Development Program 'Laqshya' for senior managers "Building Leadership Skills" for seasoned managers and 'Capability Enhancement Program' for first time managers.

'Laqshya' the Leadership Development Process gained momentum during the year with a number of leadership initiatives for various levels like stakeholder curriculum, communities of practice, coaching and mentoring. With a view to support the global footprint of the Crop Protection business Global Business Management Program was conducted for executives involved in international operations.

Coromandel strongly believes in continuous Learning and Development (L&D) with an aim to build competitive advantage for its current and future business needs. With a sharp focus on building benchmark L&D processes and systems, it is now the first Company in India to receive ISO 10015+ Certification for Training Quality Management System at a company level by CSEND, Switzerland. The L&D process robustness and deployment is further endorsed by other prominent recognitions like Golden Peacock National Training Award by Institute of Directors among others.

Coromandel continued its focus on building employee engagement. Gallup employee engagement action planning and review was completed for all managers having employee engagement scorecards.

The Company, through TQM approach leveraged the creative potential of its employees resulting in quantum improvement in areas of productivity, cost, efficiency and safety. Employee involvement in TQM initiatives has won various accolades in prominent Quality forums of 2012 such as -

1. Award for the Best HR Strategy in line with Business for TQM from 3rd Asia's Best Employer Brand Awards
2. Two Gold Medals for Small Group Activity Projects from Quality Circle Forum of India
3. 1st Place for 5S implementation under large scale process industry and also in medium scale process industry category from ABK-AOTS, Chennai
4. Indian National Suggestion Scheme Association's Award for Excellence in Suggestion Scheme

The Company continued its focus on improving its internal processes to meet multiple, at times conflicting requirements of various stakeholders. Coromandel was awarded Significant Achievement in Business Excellence and Significant Achievement in HR Excellence by Confederation of Indian Industry (CII).

## 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, 2013 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, 2013

  
**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 2012-13

- At Ennore Plant, energy audit was conducted by CII and an auto voltage control incorporated in main incoming transformer
- At Kakinada Plant an "Energy Cell" has been formed to look at improvements in area of energy conservation.

#### B. TECHNOLOGY ABSORPTION

At Ennore Plant -

- Sulphur sludge crushing machine developed in-house, same being used at Ranipet
- Ambient air monitoring of stacks is on line and connected to Care Air centre of TNPCB, Chennai

#### C. RESEARCH AND DEVELOPMENT

At Visakhapatnam Plant -

- Trials for the production of a new Sulphur Enhanced Fertiliser 24-24-0-8S at Visakhapatnam plant under the technology license agreement signed with Shell Research Limited, U.K. in 2010 were conducted successfully.
- Several new rock phosphate blends were tested in pilot plant and some of these were adopted for commercial production of phosphoric acid at Visakhapatnam and Ennore.

At Ankleshwar Plant -

- Developed in-house process technology for production of Cymoxanil and Fipronil Technicals and later produced the same on commercial scale. A new solvent less process has been developed & implemented in the Plant for Profenofos technical for productivity enhancement.
- Efforts are on for developing process technology for some new molecules for production from their intermediates.

During the year the Company incurred a sum of ₹391 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 ₹142 lakhs towards Capital Expenditure in respect of approved In-house R&D units at Visakhapatnam and Ankleshwar.

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

₹ in Lakhs

Nature of expenses	2012-13	2011-12
Capital Expenditure	142	38
Revenue Expenditure	391	468

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

Total foreign exchange used and earned:

₹ in Lakhs

	2012-13	2011-12
Used	513051	690373
Earned	10883	11484

## FORM A

### A. Power and Fuel Consumption

#### 1. Electricity

##### a) Purchased

Units (Lakh Units)

1,015.51

1,274.22

Amount (₹ Lakhs)

5,902.54

5,577.11

Rate / Unit (₹ / kwh)

5.81

4.38

##### b) Own generation

Through DG Sets

Units (Lakh Units)

122.84

19.22

Units / litre of HSD

4.16

3.60

Rate / Unit (₹ / kwh)

15.00

16.68

Through TG Set

Units (Lakh Units)

342.26

436.94

Units / litre LSHS

—

—

Rate / Unit (₹ / kwh)

0.36

0.18

#### 2. Coal

Not used

Not used

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

Quantity (K. Litres)

4,046.01

1,627.78

Total cost (₹ Lakhs)

2,164.05

783.12

Rate / Unit (₹ / K. Litres)

53,486.00

48,110 .00

##### b) Compressed Natural Gas

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

57.83

65.56

Total amount (₹ In Lakhs)

1,149.92

1,210.98

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

19,885.68

18,471 .00

### B. Consumption per MT of Fertilisers Produced

Electricity (KWH)

79.24

67.51

Fuel: Furnace Oil / LSHS (K.Litres)

0.0042

0.0012

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

3.54

2.95

### 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 (₹)	Last Employment
Kapil Mehan, 54 Graduate in Veterinary Science, PGDM (Agri) (IIMA)	Managing Director	20.09.2010	32	2,44,07,150	Executive Director Tata Chemicals Limited
P Gopalakrishna, 54 B.Sc (Agri), PGDM (IIMA)	Sr Vice President- Speciality Nutrients & Business Development	01.12.2003	30	82,06,646	Deputy General Manager-Marketing EID Parry (India) Limited
Arun Leslie George, 46 M.A (SW), PMIR	Sr Vice President & Head of HR	01.10.2003	23	84,34,384	Deputy General Manager-HR EID Parry (India) Limited
Dr G Ravi Prasad, 57 Ph.D in Agricultural Chemicals	President - Marketing (Fertilisers & Organic)	01.04.2007	30	1,04,83,015	Vice President-Commercial Zuari Industries Limited
S Sankarabramanian 43 B.Sc, ICWA	Sr Vice President & Chief Financial Officer	01.12.2003	22	69,09,068	Deputy General Manager - Finance EID Parry ( India) Limited
<b>b) Employed for part of the Financial Year and in receipt of remuneration aggregating ₹5,00,000 per month or more</b>					
S Govindarajan, 50 B.Tech (Mech), GDMM (IIMM)	Sr Vice President & Head of Manufacturing	26.09.1992	28	82,13,146	Asst. Manager National Fertilisers Limited

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

On behalf of the Board

  
**A Vellayan**  
 Chairman

Place : Hyderabad.  
 Dated : April 23, 2013



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

Nature of Disclosure	Particulars	
a. Options granted	No Options were granted during the year. The total options granted upto date is 75,72,000. Each Option gives the grantee a right to subscribe to one equity share of ₹1/- each of the company	
b. The pricing formula	The Options carry a right to subscribe to equity shares at the closing price on the Stock Exchange in which there was highest trading volume, prior to the date of grant of the Options.	
c. Options vested	47,84,032	
d. Options exercised	32,63,922	
e. The total no of shares arising as a result of exercise of option	32,63,922	
f. Options lapsed/surrendered	16,06,638	
g. Variation of terms of Option	Vesting schedule has been varied in certain cases. The exercise period for the all the options vested in the 2nd, 3rd and 4th year has been extended from 3 years to 6 years.	
h. Money realised by exercise of Options	₹1575.46 lakhs	
i. Total no of Options in force	27,01,440	
j. (i) Details of Options granted to Senior Management Personnel	<b>Name and Designation</b>	<b>No. of Options granted</b>
	Mr Kapil Mehan <i>Managing Director</i>	9,46,000
	Dr G Ravi Prasad <i>President- Marketing Fertilisers &amp; Organic</i>	2,70,400
	Mr Arun Leslie George <i>Sr Vice President &amp; Head of HR</i>	2,70,400
	Mr P Gopalakrishna <i>Sr Vice President-Speciality Nutrients and Business Development</i>	2,70,400
	Mr S Sankarasubramanian <i>Sr Vice President &amp; Chief Financial Officer</i>	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	9,46,600
	Dr G Ravi Prasad	2,70,400
	Mr P Gopalakrishna	2,70,400
	Mr Arun Leslie George	2,70,400
	Mrs Hima Srinivas	1,20,000
	Mr C Sitaram	1,44,000
	Mr K Sankaranarayanamoorthy	1,44,000
	Mr Manoj K Agarwal	91,400
	Mr Parvez 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.	₹ 15.65 per share																						
l.	<div>(i) Method of calculation of employee compensation cost</div> <div>(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.</div> <div>(iii) Impact of the difference mentioned in (ii) above on the profits of the Company</div> <div>(iv) Impact of the difference mentioned in (ii) above on the EPS of the Company</div>	<div>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 2012-13 is Nil.</div> <div>₹ 757 lakhs</div> <div><table><tr><td><b>Net Income</b></td><td><b>₹ in lakhs</b></td></tr><tr><td>As reported</td><td>44399</td></tr><tr><td>Less: fair value compensation cost (Black Scholes Model)</td><td><u>757</u></td></tr><tr><td></td><td><u>43642</u></td></tr></table></div> <div><table><tr><td></td><td><b>Basic (₹)</b></td><td><b>Diluted (₹)</b></td></tr><tr><td>As reported</td><td>15.70</td><td>15.65</td></tr><tr><td>As Adjusted</td><td>15.43</td><td>15.38</td></tr></table></div>	<b>Net Income</b>	<b>₹ in lakhs</b>	As reported	44399	Less: fair value compensation cost (Black Scholes Model)	<u>757</u>		<u>43642</u>		<b>Basic (₹)</b>	<b>Diluted (₹)</b>	As reported	15.70	15.65	As Adjusted	15.43	15.38					
<b>Net Income</b>	<b>₹ in lakhs</b>																							
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m.	<div>(i) Weighted Average exercise price of Options</div> <div>(ii) Weighted Average fair value of Options</div>	<div>₹ 228.12 per equity share</div> <div>₹ 66.95 per equity share</div>																						
n.	<div>(i) Method used to estimate the fair value of Options</div> <div>(ii) Significant assumptions used (Weighted Average information relating to all grants):-<div><div>(a) Risk-free interest rate</div><div>(b) Expected life of the Option</div><div>(c) Expected volatility</div><div>(d) Expected dividend yields</div><div>(e) Price of the underlying share in market at the time of option grant</div></div></div>	<div>Black Scholes Model</div> <div><div>8.0%</div><div>4-6 years</div><div>0.39 - 0.47</div><div>700%</div></div> <div><table><tr><td><b>Date of grant</b></td><td><b>Market Price (₹)</b></td></tr><tr><td>31.08.2007</td><td>44.58</td></tr><tr><td>22.01.2008</td><td>56.08</td></tr><tr><td>22.04.2008</td><td>67.88</td></tr><tr><td>22.07.2008</td><td>59.95</td></tr><tr><td>22.10.2008</td><td>62.75</td></tr><tr><td>18.03.2009</td><td>45.10</td></tr><tr><td>19.10.2010</td><td>317.30</td></tr><tr><td>12.01.2011</td><td>287.50</td></tr><tr><td>21.07.2011</td><td>334.35</td></tr><tr><td>18.10.2011</td><td>315.00</td></tr></table></div>	<b>Date of grant</b>	<b>Market Price (₹)</b>	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
<b>Date of grant</b>	<b>Market Price (₹)</b>																							
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18.10.2011	315.00																							

# REPORT ON CORPORATE GOVERNANCE

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

## Company's Philosophy

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

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

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

The following is a report on the corporate governance.

## 1. Board of Directors

- **Composition and size of the Board**

Presently the Board comprises of eight Directors of which the Managing Director is an Executive Director. Out of the seven Non-Executive Directors, four 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**

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

Sl.No.	Date of Meeting	Board Strength	No. of Directors present
1	April 23, 2012	9	8
2	July 23, 2012	9	9
3	October 22, 2012	8	8
4	December 14, 2012	8	7
5	January 24, 2013	8	8
6	March 21, 2013	8	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 <i>Chairman</i>	Non-Executive	6	Yes	5	-	-
Mr V Ravichandran <i>Vice Chairman</i>	Non-Executive	6	Yes	6	3	-
Mr Kapil Mehan <i>Managing Director</i>	Executive	6	Yes	4	1	-
Mr K Balasubramanian <i>Director</i>	Non-Executive & Independent	5	Yes	6	1	4
Dr B V R Mohan Reddy <i>Director</i>	Non-Executive & Independent	5	Yes	4	-	-
Mrs Ranjana Kumar <i>Director</i>	Non-Executive & Independent	6	Yes	4	1	1
Mr R A Savoor* <i>Director</i>	Non-Executive & Independent	2	Yes	-	-	-
Mr M K Tandon* <i>Director</i>	Non-Executive & Independent	2	Yes	-	-	-
Mr M M Venkatachalam <i>Director</i>	Non-Executive	6	Yes	10	-	1
Mr Uday Chander Khanna** <i>Director</i>	Non-Executive & Independent	4	NA	4	1	2

\* Retired on July 23, 2012

\*\* Appointed on July 23, 2012

\*\*\* 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 Agreements 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 23, 2012, July 22, 2012, October 22, 2012 and January 24, 2013.
- 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	2
Mr K Balasubramanian @	Chairman	Non-Executive & Independent	4
Dr B V R Mohan Reddy	Member	Non-Executive & Independent	3
Mr M M Venkatachalam	Member	Non-Executive	4
Mr Uday Chander Khanna**	Member	Non-Executive & Independent	2

\* Retired on July 23, 2012

@ Appointed as Chairman w.e.f. July 23, 2012

\*\* Inducted into the Committee w.e.f. July 23, 2012

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

The Chairman of the Audit Committee, Mr M K Tandon, was present at the Annual General Meeting of the Company held on July 23, 2012.

### 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, 2013 are as follows:

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

#### 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

- Three meetings of the Committee were held during the year, of which one was held on April 23, 2012 and two meetings were held on July 23, 2012.

- 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

\* Retired on July 23, 2012

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

Name	Designation	Category of Directorship	Attendance
Dr B V R Mohan Reddy	Chairman	Non-Executive & Independent	1
Mrs Ranjana Kumar	Member	Non-Executive & Independent	1
Mr M M Venkatachalam	Member	Non-Executive	1

**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, 2013 is as follows:

Name	Salary	Contribution to Funds	Value of Perk & Allowances	Commission/ Incentive	Total
Mr Kapil Mehan Managing Director	61,69,875	19,66,960	89,65,489	65,99,055*	2,37,01,379

\*Includes a sum of ₹24,87,000 incentive of 2011-12 paid 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. The first vesting is exercisable over a period of three years from the date of vesting. The second, third and fourth vestings are exercisable over a period of 6 years from the date of vesting. The following is the summary of options granted to Mr Kapil Mehan:

Total Options Granted	946000
Options Vested	321640
Options Cancelled	56760
Options Exercised	Nil
Balance Outstanding	567600

- 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. The first vesting is exercisable over a period of three years from the date of vesting. The second, third and fourth vestings are exercisable over a period of 6 years from the date of vesting. The following is the summary of options granted to Mr V Ravichandran:

Total Options Granted	967000
Options Vested	937990
Options Cancelled	29010
Options Exercised	659000
Balance Outstanding	278990



- The details of sitting fees and commission paid/payable to Non-Executive Directors for the financial year ended March 31, 2013:

Non-Executive Directors	Sitting Fees (₹)*	Commission (₹)*
Mr A Vellayan	110000	20000000
Mr V Ravichandran	110000	500000
Mr K Balasubramanian	155000	500000
Dr B V R Mohan Reddy	130000	500000
Mrs Ranjana Kumar	120000	500000
Mr R A Savoor	50000	154795
Mr M K Tandon	80000	154795
Mr M M Venkatachalam	180000	500000
Mr Uday Chander Khanna@	105000	345205
<b>TOTAL</b>	<b>1040000</b>	<b>23154795</b>

\* Excludes Service Tax thereon aggregating ₹78,486 on Sitting fee and ₹28,61,763 on Commission.

@ Includes Sitting fee paid for attending the Board Meeting on July 23, 2012 after his appointment.

## 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 22, 2012 and March 21, 2013.
- Details of the composition of the Share Transfer & Investors' Grievance Committee and attendance of Members during the year are as follows:

Name of the Director	Designation	Category of Directorship	Attendance
Mr K Balasubramanian	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  
1-2-10, Sardar Patel Road  
Secunderabad 500 003  
Phone: (040) 27842034  
Fax : (040) 27844117  
Email ID: Investorsgrievance@coromandel.murugappa.com

- During the year the Company had received 36 complaints from the Shareholders / Debentureholders and all of them except one 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
2009-2010	Hotel Minerva Grand, CMR Complex,	22/07/2010	10.30 AM
2010-2011	Besides Manju Theatre,	21/07/2011	10.30 AM
2011-2012	Sarojini Devi Road, Secunderabad	23/07/2012	10.30 AM

## Postal Ballot

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

## Special Resolutions passed during the previous years

### Financial year 2011-12

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

### Financial year - 2010-11 and 2009-10

No special resolutions were passed during the AGM held for the said periods.

## 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 A Vellayan, Mrs Ranjana Kumar and Mr K Balasubramanian retire by rotation at the ensuing Annual General Meeting. However, Mr K Balasubramanian has conveyed his desire to retire at the ensuing Annual General Meeting.

Mr Uday Chander Khanna was appointed as an additional director on July 23, 2012 by virtue of the provisions of the Companies Act, 1956. Mr Uday Chander Khanna holds office of Director till the date of ensuing Annual General Meeting.

Mr A Vellayan, Mrs Ranjana Kumar and Mr Uday Chander Khanna being eligible offer themselves for re-appointment. A brief resume of Mr A Vellayan, Mrs Ranjana Kumar and Mr Uday Chander Khanna along with the additional information required under Clause 49(VI)(A) of the Listing Agreement is as under:

**Mr A Vellayan** (60) holds a Diploma in Industrial Administration from Aston University, Birmingham, UK and Masters in Business Studies from the University of Warwick, Business School, UK.

He is a Director in many companies. He is on the Board of Governors, Doon School, Dehra Dun. He has held position such as Vice President, Federation of Indian Export Organisation (FIECO) and member of National Export Committee - Confederation of Indian Industry (CII). He was the Managing Director of Tube Investments of India Limited and TI Diamond Chain Limited. He is presently the Chairman of Coromandel International Limited and EID Parry (India) Limited. He has got work experience close to three decades.

**Mrs Ranjana Kumar** (67) Bachelor of Arts, a Gold Medalist, had an illustrious career in Indian banking industry spanning over four decades. She had started her career with Bank of India in the year 1966 as a probationary officer and held several senior positions in the Bank. She was CEO of US operations of Bank of India based in New York. She moved to Canara Bank as its Executive Director holding concurrent charge as Chairperson of Canara Bank. Thereafter she became the Chairperson of Indian Bank and continued for a period of three and half years. She is also credited with turning around the ailing Indian Bank as its Chairperson within a period of 3 years and has authored a book on the turnaround of Indian Bank. She also headed the National Bank of Agriculture and Rural Development (NABARD). Mrs Ranjana Kumar retired as Vigilance Commissioner, Central Vigilance Commission and Government of India.

**Mr Uday Chander Khanna** (63) a Chartered Accountant by profession, has had a distinguished career spanning close to four decades in Hindustan Lever, Unilever, Lafarge India and had handled a variety of roles in finance, commercial and general management including the position of Managing Director & CEO of Lafarge India Private Limited between 2005 to 2011. Mr Uday Chander Khanna is currently Non-Executive Chairman of Lafarge India Private Limited and Bata India Limited and is also on the Board of Castrol India Limited. He is also the President of the Bombay Chamber of Commerce & Industry and is on the Managing Committee of the Associated Chamber of Commerce & Industry.

## 6b. Other Directorships

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

### Mr A Vellayan

Name of the Company	Chairmanship/ Directorship	Committee	Chairman/ Member
E.I.D Parry (India) Limited	Chairman	-	-
Murugappa Holdings Limited	Chairman	-	-
Cholamandalam MS General Insurance Company Limited	Director	-	-
Kanoria Chemicals and Industries Limited	Director	-	-
Parry Infrastructure Company Private Limited	Chairman	-	-

### Mrs Ranjana Kumar

Name of the Company	Chairmanship/ Directorship	Committee	Chairman/ Member
International Asset Reconstruction Company Private Limited	Director	Audit	Member
TATA Global Beverage Limited	Director	Audit	Member
The Andhra Pradesh Paper Mills Limited	Director	Investors' Grievance	Chairman

### Mr Uday Chander Khanna

Name of the Company	Chairmanship/ Directorship	Committee	Chairman/ Member
Bata India Limited	Director	Audit	Member
Castrol India Limited	Director	Audit	Chairman
Pfizer Limited	Director	-	-
Thomas Cook (India) Limited	Director	Audit	Chairman

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

6c. Mr A Vellayan holds 118510 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 of the financial statements forming part of this Annual Report.

### • Compliance

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

- **Code of Conduct**

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

- **Risk Management**

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

A Risk Management Committee comprising of 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 and 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). The results are also posted on the Company's Website: [www.coromandel.biz](http://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, 2013 at 10.30 AM at<br>Hotel Minerva Grand<br>CMR Complex, Beside Manju Theatre<br>Sarojini Devi Road<br>Secunderabad 500 003   |
| ● Financial Calendar        | i) Financial Year - April to March<br>ii) First Quarter Results - last week of July 2013*<br>iii) Half-yearly Results - last week of October 2013*<br>iv) Third Quarter Results - last week of January 2014*<br>v) Results for the year ending<br>March 31, 2014- last week of May 2014*<br>*provisional |
| ● Date of Book Closure      | June 21, 2013 to June 28, 2013 (both days inclusive)   |
| ● Dividend 2012-13          | Proposed Dividend ₹4.50 per share<br>(subject to approval by members at the AGM)   |
| ● Dividend Payment date (s) | On or after July 23, 2013  |

- Listing of Shares and Bonus Debentures
 

Company's shares and Bonus Debentures 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, 2013, 27,01,440 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 31.3.2013
 

Please see Annexure 'B'
- Dematerialisation of shares and Liquidity
 

96.20% of the shareholding has been dematerialized as on 31.03.2013.
- Plant Locations
 

The Company's plants are located at

  - a) Malkapuram, Visakhapatnam, Andhra Pradesh
  - b) Beach Road, Kakinada, Andhra Pradesh
  - 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  
rajudc@coromandel.murugappa.com

- Nomination Facility

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

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

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

## 10. NON-MANDATORY REQUIREMENT

### a. Remuneration & Nomination Committee

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

### b. Shareholder Rights

Quarterly financial results are published in leading newspapers, viz. The Business Line and vernacular - Andhra Prabha. The audited results for the financial year are approved by the Board and then communicated to the members through the Annual Report and also published in the newspapers.

### c. Whistle Blower Policy

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

### d. Other Non-Mandatory Requirements

At present, other non mandatory requirements have not been adopted by the Company.

## 11. OTHER REQUIREMENTS

### a. Unclaimed shares

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



No of shareholders as on 01.04.2012	6201
Outstanding shares in the suspense account lying as on 01.04.2012	2312330
Number of shareholders who approached issuer for transfer of shares from suspense account during the year	65
Number of shareholders to whom shares were transferred from suspense account during the year	64
Aggregate number of shareholders at the end of the year as on 31.03.2013	6137
Aggregate number of shares at the end of the year as on 31.03.2013	2273674

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 (MCA) recently 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

  
A Vellayan  
Chairman

Place : Hyderabad  
Dated : April 23, 2013

## 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 31,2013, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has

complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

**For DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Registration No. 008072S)

  
**Ganesh Balakrishnan**  
Partner  
(Membership No.201193)

**SECUNDERABAD, April 23, 2013**

## 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, 2013 as envisaged in clause 49 of the listing agreement with stock exchanges.

Place : Hyderabad  
Dated : April 23, 2013

  
**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, 2012 to March 31, 2013 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
April 2012	297.00	255.00	17664.10	17010.16	305.00	254.70	5378.75	5154.30
May 2012	267.75	245.10	17432.33	15809.71	267.00	247.95	5279.60	4788.95
Jun 2012	269.75	251.15	17448.48	15748.98	269.95	250.60	5286.25	4770.35
July 2012	285.85	234.00	17631.19	16598.48	283.70	234.05	5348.55	5032.40
Aug 2012	299.70	242.50	17972.54	17026.97	304.90	242.00	5448.60	5164.65
Sep 2012	304.80	273.10	18869.94	17250.80	305.85	272.30	5735.15	5215.70
Oct 2012	302.40	269.90	19137.29	18393.42	304.00	267.95	5815.35	4888.20
Nov 2012	285.00	268.40	19372.70	18255.69	290.00	265.30	5885.25	5548.35
Dec 2012	285.00	252.60	19612.18	19149.03	283.40	253.10	5965.15	5823.15
Jan 2013	268.70	210.05	20203.66	19508.93	269.50	210.00	6111.80	5935.20
Feb 2013	228.00	198.00	19966.69	18793.97	230.00	197.90	6052.95	5671.90
Mar 2013	218.90	181.15	19754.66	18568.43	219.00	181.00	5971.20	5604.85

### Annexure 'B'

#### DISTRIBUTION OF HOLDINGS AS ON MARCH 31, 2013

No. of equity shares held	No. of shares	%	No. of shareholders	%
1 - 5000	19190132	6.78	47640	98.40
5001 - 10000	2523953	0.89	354	0.73
10001 - 20000	2116064	0.75	146	0.30
20001 - 30000	1540645	0.54	63	0.13
30001 - 40000	1009195	0.36	29	0.06
40001 - 50000	1218122	0.43	27	0.05
50001 - 100000	3470489	1.23	47	0.10
100001 and above	251989218	89.02	110	0.23
<b>TOTAL</b>	<b>283057818</b>	<b>100.00</b>	<b>48416</b>	<b>100.00</b>
<b>Physical mode</b>	<b>10745323</b>	<b>3.80</b>	<b>17758</b>	<b>36.68</b>
<b>Demat mode</b>	<b>272312495</b>	<b>96.20</b>	<b>30658</b>	<b>63.32</b>

**SHAREHOLDING PATTERN AS ON MARCH 31, 2013**

Sl.No.	Category	No. of shares	%
1	Promoters	180635264	63.82
2	UTI & Mutual Funds	14057804	4.97
3	Banks, Financial Institutions & Insurance Companies	6657543	2.35
4	Foreign Institutional Investors	18372954	6.49
5	Private Corporate Bodies	14974405	5.29
6	Indian Public	35033163	12.37
7	NRI's	3221571	1.14
8	Foreign Nationals	68960	0.02
9	Foreign Bank	1840	0.00
10	Foreign Corporate Bodies	9925070	3.51
11	Trusts	59296	0.02
12	Clearing Members	49948	0.02
	<b>TOTAL</b>	<b>283057818</b>	<b>100.00</b>

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# STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF  
COROMANDEL INTERNATIONAL LIMITED

## Report on the Financial Statements

We have audited the accompanying financial statements of **COROMANDEL INTERNATIONAL LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

## Auditors' Responsibility

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

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

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give

the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

**For DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Firm Registration No. 008072S)



**Ganesh Balakrishnan**

Partner

**SECUNDERABAD, April 23, 2013** (Membership No.201193)

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

- (i) Having regard to the nature of the Company's business/activities/results during the year, clauses (x), (xii), (xiii), (xiv), (xviii) and (xx) of paragraph 4 of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of 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 inventories:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
  - (a) The Company has granted loans aggregating ₹4,874 Lakhs to three parties during the year. At the year-end, the outstanding balances of such loans aggregated ₹4,865 Lakhs and the maximum amount involved during the year was ₹4,874 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) Having regard to rollover of the loans, receipts of principal amounts and interest have been regular/as per stipulations.
  - (d) There are no overdue amounts outstanding as at year end.

According to the information and explanations given to us, having regard to the issue of unsecured redeemable non-convertible fully paid bonus debentures (NCD) in accordance with the Scheme of Arrangement approved by the High Court of Andhra Pradesh, the Company has not taken any loans secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956:

- (a) NCDs aggregating ₹26,573 Lakhs were issued to a party during the year and at the year-end, the outstanding balance of such NCDs aggregated ₹26,573 Lakhs and the maximum amount involved during the year was ₹26,573 Lakhs.
- (b) The rate of interest and other terms and conditions of such NCDs are in our opinion, *prima facie*, not prejudicial to the interests of the Company.
- (c) As per the terms of NCDs, no amounts/interest was due for payment during the year.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our audit we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
  - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
  - (b) Where each of such transaction 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 cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, *prima facie*, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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

- The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth-tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth-tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.
- 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 31st March, 2013 on account of disputes are given below:

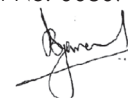
Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the Amount relates	Amount involved (₹ in lakhs)
West Bengal Sales Tax Act, 1994	Sales tax	Assistant Commissioner (Appeals)	2002-2003	4
		Joint Commissioner (Appeals)	2009-2010	13
Andhra Pradesh General Sales Tax Act, 1957	Sales tax	Additional Commissioner Legal	1995-1996 to 1997-1998	27
		Sales Tax Appellate Tribunal	2000-2001 to 2003-2004 and 2005-2006	70
Uttar Pradesh Value Added Tax Act, 2008	Sales tax	Sales Tax Appellate Tribunal	2005-2006 to 2007-2008	18
		Additional Commissioner (Appeals)	2008-09	114
Rajasthan Value Added Tax Act, 2003	Sales tax	Deputy Commissioner (Appeals)	2010-11	7
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 March 2011 to January 2012	1,447
		Commissioner (Appeals)	2011-12	2
		Department of Revenue	2009-2010	15
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

- In our opinion and according to the information and explanations given to us, having regard to the rollover of buyer's credit by the banks, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- 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.
- In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.
- 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, *prima facie*, not been used during the year for long-term investment.

- According to the information and explanations given to us, during the period covered by our audit report, the Company had issued unsecured redeemable non-convertible fully paid bonus debentures in accordance with the Scheme of Arrangement approved by the High Court of Andhra Pradesh. Such debentures did not require creation of security.
- To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

**For DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Firm Registration No. 008072S)



**Ganesh Balakrishnan**  
Partner

**SECUNDERABAD, April 23, 2013** (Membership No.201193)



# Balance Sheet as at 31 March 2013

(₹ in Lakhs)

## I. EQUITY AND LIABILITIES

### 1. Shareholders' funds

- (a) Share capital
- (b) Reserves and surplus

### 2. Non-current liabilities

- (a) Long-term borrowings
- (b) Deferred tax liabilities (net)
- (c) Other long-term liabilities
- (d) Long-term provisions

### 3. Current liabilities

- (a) Short-term borrowings
- (b) Trade payables
- (c) Other current liabilities
- (d) Short-term provisions

### TOTAL

## II. ASSETS

### 1. Non-current assets

- (a) Fixed assets
  - (i) Tangible assets
  - (ii) Intangible assets
  - (iii) Capital work-in-progress
- (b) Non-current investments
- (c) Long-term loans and advances

### 2. Current assets

- (a) Current investments
- (b) Inventories
- (c) Trade receivables
- (d) Cash and bank balances
- (e) Short-term loans and advances
- (f) Other current assets

### TOTAL

Note	As at 31 March 2013	As at 31 March 2012
1	2831	2826
2	214730	234293
	<b>217561</b>	<b>237119</b>
3	77203	27279
4	17979	6745
5	3012	3399
6	1640	1629
	<b>99834</b>	<b>39052</b>
7	146755	214475
8	220265	204272
9	32093	22451
10	18220	13234
	<b>417333</b>	<b>454432</b>
	<b>734728</b>	<b>730603</b>
11(a)	113624	80040
11(b)	581	670
	2794	13313
	<b>116999</b>	<b>94023</b>
12	87951	62790
13	8779	5140
	<b>213729</b>	<b>161953</b>
14	4	4
15	126489	185561
16	161089	88702
17	45276	91785
18	187417	201338
19	724	1260
	<b>520999</b>	<b>568650</b>
	<b>734728</b>	<b>730603</b>

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 2013

For and on behalf of the Board of Directors

KAPIL MEHAN

Managing Director

S. SANKARASUBRAMANIAN

Chief Financial Officer

A. VELLAYAN

Chairman

M.R. RAJARAM

Company Secretary

# Statement of Profit and Loss for the year ended 31 March 2013

(₹ in Lakhs)

	Note	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>I. Revenue</b>			
Revenue from operations			
Sales (gross)		566382	505421
Less: Excise duty		10528	8534
Sales (net)	36 (c)	555854	496887
Government subsidies		296205	474639
Other operating revenue	20	3965	10801
		856024	982327
Other income	21	6703	11667
<b>Total revenue</b>		<b>862727</b>	<b>993994</b>
<b>II. Expenses</b>			
Cost of materials consumed	36 (a)	485869	586065
Purchases of stock-in-trade	36 (b)	152999	193491
Changes in inventories of finished goods, work-in-process and stock-in-trade	22	14720	(25887)
Employee benefits expense	23	20502	18822
Finance costs	24	17667	11651
Depreciation and amortisation expense	11(a)/11(b)	5854	5616
Other expenses	25	108483	103706
<b>Total expenses</b>		<b>806094</b>	<b>893464</b>
<b>III. Profit before exceptional items and tax (I - II)</b>		<b>56633</b>	<b>100530</b>
<b>IV. Exceptional item</b>	27	—	3553
<b>V. Profit before tax (III - IV)</b>		<b>56633</b>	<b>96977</b>
<b>VI. Tax expense:</b>			
Current tax		11401	29050
Minimum Alternate Tax (MAT) credit		(10401)	—
Deferred tax		11234	(1400)
		12234	27650
<b>VII. Profit for the year (V - VI)</b>		<b>44399</b>	<b>69327</b>
Earnings per equity share of ₹1/- each	29		
Basic (₹)		15.70	24.57
Diluted (₹)		15.65	24.43
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 2013

For and on behalf of the Board of Directors

  
**KAPIL MEHAN**  
Managing Director

  
**S. SANKARASUBRAMANIAN**  
Chief Financial Officer

  
**A. VELLAYAN**  
Chairman

  
**M.R. RAJARAM**  
Company Secretary

# Cash Flow Statement for the year ended 31 March 2013

(₹ in Lakhs)

	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>Cash flow from operating activities</b>		
Profit before tax	<b>56633</b>	<b>96977</b>
Adjustments for:		
Depreciation and amortisation expense	5854	5616
Loss on sale/scrap of fixed assets	224	55
Loss on sale of fertiliser special bonds	–	5275
Exchange differences (net)	6818	9538
Provision for doubtful trade receivables and other liabilities no longer required, written back	(280)	(84)
Provision for mark to market on Fertiliser Companies' Government of India Special Bonds no longer required, written back	–	(6889)
Provision for doubtful trade and other receivables, loans and advances	1538	169
Trade and other receivables written off	3	15
Provision for employee benefits	16	152
Finance costs	17667	11651
Interest income	(5760)	(5260)
Dividend income	(943)	(6407)
<b>Operating profit before working capital changes</b>	<b>81770</b>	<b>110808</b>
<i>Changes in working capital:</i>		
Trade payables	15732	53363
Other current liabilities	(435)	(1557)
Other long-term liabilities	(387)	399
Trade receivables	(73928)	(68633)
Inventories	59072	(34249)
Long-term loans and advances	(3168)	(594)
Short-term loans and advances	32659	(62442)
Proceeds from sale of Fertiliser Companies' Government of India Special Bonds	–	41461
<b>Cash generated from operations</b>	<b>111315</b>	<b>38556</b>
Direct taxes paid (net of refunds)	(11471)	(27591)
<b>Net cash flow from operating activities (A)</b>	<b>99844</b>	<b>10965</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including capital work-in-progress and capital advances	(21144)	(16907)
Proceeds from sale of fixed assets	37	344
Investment in subsidiaries	(22835)	(41139)
Amount transferred to Escrow accounts (Refer Note 26)	(11301)	–
Purchase of non-current investments	(72)	(420)
Inter-corporate deposits placed	(106000)	(61932)
Inter-corporate deposits matured	94482	34950
Purchase of current investments - mutual fund units	(537400)	(683600)
Proceeds from sale of current investments - mutual fund units	537400	683600
Interest received	6535	5016
Dividend received from current and non-current investments	943	6407
<b>Net cash used in investing activities (B)</b>	<b>(59355)</b>	<b>(73681)</b>

# Cash Flow Statement (Contd.)

(₹ in Lakhs)

## Cash flow from financing activities

Proceeds from issue of equity shares on exercise of employee stock options	
Proceeds from long-term borrowings	
Repayment of long-term borrowings	
Increase/(decrease) in short-term borrowings	
Dividend paid including tax thereon	
Interest and other borrowing costs paid	

**Net cash from/(used in) financing activities (C)**

**Net increase/(decrease) in cash and cash equivalents (A + B + C)**

Cash and cash equivalents at the beginning of the year

**Cash and cash equivalents at the end of the year**

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:

Cash and bank balances as per Note 17

Less: Balances in earmarked accounts

- Dividend accounts

- Escrow account (Refer Note 26)

- Margin money accounts

Cash and cash equivalents at the end of the year

For the year ended 31 March 2013	For the year ended 31 March 2012
259	367
10560	17863
(4656)	(557)
(71037)	81428
(16742)	(22961)
(16780)	(12146)
<b>(98396)</b>	<b>63994</b>
(57907)	1278
90660	89382
<b>32753</b>	<b>90660</b>
45276	91785
1218	1121
11301	—
4	4
<b>32753</b>	<b>90660</b>

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 2013

For and on behalf of the Board of Directors



**KAPIL MEHAN**

Managing Director



**S. SANKARASUBRAMANIAN**

Chief Financial Officer



**A. VELLAYAN**

Chairman



**M.R. RAJARAM**

Company Secretary

# Notes forming part of the financial statements

(₹ in Lakhs)

As at 31 March 2013	As at 31 March 2012
3500	3500
2831	2826

## Note 1: Share capital

### Authorised

35,00,00,000 (2012: 35,00,00,000) equity shares of ₹1/- each

### Issued, subscribed and fully paid up

28,30,57,818 (2012: 28,25,69,542) equity shares of ₹1/- each

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 2013		Year ended 31 March 2012	
	Number	₹ in lakhs	Number	₹ in lakhs
Per last Balance Sheet	282569542	2826	281834198	2818
Add: Equity shares allotted pursuant to exercise of stock options	488276	5	735344	8
Balance at the end of the year	283057818	2831	282569542	2826

(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 2013, E.I.D Parry (India) Limited (Holding Company) held 17,71,55,580 (2012: 17,71,55,580) equity shares of ₹1/- each fully paid-up representing 62.59% (2012: 62.69%) of the paid-up capital. There are no other shareholders holding more than 5% of the issued capital.

(iv) As at 31 March 2013, shares reserved for issue under the 'ESOP 2007' scheme is 95,22,054 (2012: 1,00,10,330) 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 preceding the reporting date:**

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

(₹ in Lakhs)

**Note 2: Reserves and surplus**

**(i) Capital reserve (on Amalgamation)**

Per last Balance Sheet

13565

13565

**(ii) Capital reserve**

Per last Balance Sheet

19

19

**(iii) Capital redemption reserve**

Per last Balance Sheet

486

486

**(iv) Securities premium account**

Per last Balance Sheet

7295

6936

Add: Received on exercise of employee stock options

254

359

7549

7295

**(v) Debenture redemption reserve**

Created during the year

2553

–

**(vi) Central subsidy**

Per last Balance Sheet

11

11

**(vii) General reserve**

Per last Balance Sheet

164801

134801

Add: Transferred from surplus in Statement of Profit and Loss

25000

30000

Less: Utilised during the year for:

Issue of fully paid bonus debentures of ₹15/- each (Refer Note 42)

42423

–

Dividend distribution tax on issue of bonus debentures (Refer Note 42)

6882

–

140496

164801

**(viii) Surplus in Statement of Profit and Loss**

Per last Balance Sheet

48131

31790

Add: Profit for the year

44399

69327

Less: Transferred to debenture redemption reserve (Refer Note 42)

2553

–

Transferred to general reserve

25000

30000

Interim dividend [includes ₹7 lakhs on final dividend for 2011-2012  
(₹5 lakhs on final dividend for 2010-2011)]

7

11301

Proposed final dividend

12738

8477

Dividend distribution tax [includes ₹1 lakh on final dividend for 2011-2012  
(₹1 lakh on final dividend for 2010-2011)]

2166

3208

50066

48131

**(i) + (ii) + (iii) + (iv) + (v) + (vi) + (vii) + (viii)**

214745

234308

Less: Amalgamation adjustment account

(15)

(15)

214730

234293

(₹ in Lakhs)

**Note 3: Long-term borrowings**

Secured

Term Loans

Banks

Unsecured

9% Unsecured redeemable non-convertible fully paid bonus debentures of ₹15/- each

**Note:**

The term loans from banks comprise of External Commercial Borrowings (ECB) and are secured by Paripassu charge on fixed assets of Visakhapatnam and Kakinada plants. These loans are repayable over the next five years and have been fully hedged for exchange and interest rates. For ECB aggregating to ₹10560 lakhs as at 31 March 2013 charge is pending creation. The above loans carry interest rates with spread ranging 170 bps to 215 bps over 3 months LIBOR.

9% Unsecured redeemable non-convertible fully paid bonus debentures are redeemable at par over three years commencing from 23 July 2014 (₹5 each year) and interest is payable on an annual basis commencing from 23 July 2013 upto 23 July 2016. (Refer Note 42)

**Note 4: Deferred tax liabilities (net)**

Deferred tax liability:

On account of depreciation

Deferred tax asset:

On employees separation and retirement costs

On provision for doubtful trade and other receivables

On statutory dues allowable on payment basis

Other timing differences

**Deferred tax liabilities (net)**

**Note 5: Other long-term liabilities**

Security deposits

**Note 6: Long-term provisions**

Gratuity (Refer Note 38a)

Compensated absences

Other employee benefits

As at 31 March 2013	As at 31 March 2012
34780	27279
42423	—
<b>77203</b>	<b>27279</b>
21038	9365
668	409
782	247
372	415
1237	1549
3059	2620
<b>17979</b>	<b>6745</b>
3012	3399
<b>3012</b>	<b>3399</b>
248	257
930	737
462	635
<b>1640</b>	<b>1629</b>



## ...Notes

(₹ in Lakhs)

### Note 7: Short-term borrowings

Loans repayable on demand from banks

Secured

Unsecured

Short-term loans from banks

Unsecured

Notes:

- (i) Secured short-term borrowings comprises working capital demand loans and cash credit balances secured by a pari-passu charge of stock of raw materials, work-in-process, finished goods, stores and spare parts and book debts including subsidy receivables of the Company. 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 loans from banks.

### Note 8: Trade payables

(Refer Note 52a for details of dues to micro and small enterprises)

Acceptances

Other than acceptances

### Note 9: Other current liabilities

Current maturities of long-term debt (Refer Note (i) below)

Interest accrued but not due on borrowings

Interest accrued but not due on others

Advances from customers

Unclaimed dividends (Refer Note (iii) below)

Security and trade deposits received

Payables on purchase of fixed assets

Other liabilities (including statutory remittances)

Notes:

- (i) Refer Note 3 - Long-term borrowings for details of security.
- (ii) Other liabilities include indemnity amounts aggregating ₹2254 lakhs held back in accordance with the share purchase agreements in respect of acquisitions (Refer Note 26).
- (iii) There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.
- (iv) As at 31 March 2013, cheques aggregating ₹Nil (2012: ₹0.23 lakhs) were issued but not encashed on account of fixed deposit refunds.

### Note 10: Short-term provisions

Employee benefits

Current tax (net of advance tax)

Proposed dividend

Tax on proposed dividend

As at 31 March 2013	As at 31 March 2012
7677	46085
139078	118390
—	50000
<b>146755</b>	<b>214475</b>
136740	85223
83525	119049
<b>220265</b>	<b>204272</b>
3066	4656
3232	714
608	531
2301	2010
1218	1121
7992	7458
4145	377
9531	5584
<b>32093</b>	<b>22451</b>
360	355
2957	3027
12738	8477
2165	1375
<b>18220</b>	<b>13234</b>

## ...Notes

### Note 11(a): Tangible assets

(₹ in Lakhs)

Description	COST or VALUATION			DEPRECIATION / AMORTISATION				NET BOOK VALUE		
	As at 1 April 2012	Additions	Deductions/ Adjustments	As at 31 March 2013	Upto 1 April 2012	For the year	On Deductions/ Adjustments	Upto 31 March 2013	As at 31 March 2013	As at 31 March 2012
Land										
- Freehold	25978	–	–	25978	–	–	–	–	25978	25978
– Leasehold	1297	–	–	1297	195	19	–	214	1083	1102
Buildings	11001	3143	8	14136	2410	322	2	2730	11406	8591
Roads	860	606	1	1465	226	17	–	243	1222	634
Railway siding	724	1821	5	2540	361	36	5	392	2148	363
Plant and equipment										
– Research and development	599	142	–	741	108	47	–	155	586	491
– Others	90913	32967	2408	121472	51086	4212	2183	53115	68357	39827
Office equipment										
– Research and development	7	–	–	7	5	1	–	6	1	2
– Others	3148	396	122	3422	2083	357	111	2329	1093	1065
Furniture and fixtures										
– Research and development	26	–	–	26	5	3	–	8	18	21
– Others	2816	352	16	3152	1634	494	15	2113	1039	1182
Vehicles	1693	183	65	1811	909	257	48	1118	693	784
<b>Total</b>	<b>139062</b>	<b>39610</b>	<b>2625</b>	<b>176047</b>	<b>59022</b>	<b>5765</b>	<b>2364</b>	<b>62423</b>	<b>113624</b>	<b>80040</b>
<b>Previous year</b>	<b>134410</b>	<b>6641</b>	<b>1989</b>	<b>139062</b>	<b>55040</b>	<b>5572</b>	<b>1590</b>	<b>59022</b>	<b>80040</b>	
Capital work-in-progress									2794	13313

#### Notes:

- Additions to fixed assets for the year include borrowing costs capitalised. Also refer Note 34
- 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 11(b): Intangible assets

Description	COST or VALUATION			DEPRECIATION / AMORTISATION				NET BOOK VALUE		
	As at 1 April 2012	Additions	Deductions/ Adjustments	As at 31 March 2013	Upto 1 April 2012	For the year	On Deductions/ Adjustments	Upto 31 March 2013	As at 31 March 2013	As at 31 March 2012
Technical know-how	725	–	–	725	55	89	–	144	581	670
	725	–	–	725	55	89	–	144	581	670
	11	714	–	725	11	44	–	55	670	
Previous year										

#### Depreciation and amortisation expense for the year

5854  
5616

Previous year

## ...Notes

### Note 12: Non-current investments

(At cost unless otherwise stated)

#### I. Trade

##### A. Subsidiaries - Quoted

###### Sabero Organics Gujarat Limited

2,47,98,112 (2012: 2,47,98,112) Equity shares of ₹10 each, fully paid-up

###### Liberty Phosphate Limited

70,19,406 Equity shares of ₹10 each, fully paid-up

##### B. Subsidiaries - Unquoted

###### Liberty Urvarak Limited

29,97,552 Equity shares of ₹10 each, fully paid-up

###### Parry Chemicals Limited

1,00,00,000 (2012: 1,00,00,000) Equity shares of ₹10/- each, fully paid-up

###### CFL Mauritius Limited

1,80,25,000 (2012: 1,80,25,000) Ordinary shares of USD 1 each, fully paid-up

###### Coromandel Brasil Limitada , Limited Liability Partnership

18,315 (2012: 14,850) Quotas of Brazilian Real 100 each, fully paid-up

##### C. Joint venture companies - Unquoted

###### Tunisian Indian Fertilisers S.A.

33,75,000 (2012: 33,75,000) Ordinary shares of Tunisian Dinars (TND) 10 each, fully paid up [Refer Note (i) below]

###### Coromandel Getax Phosphates Pte Limited

5,00,000 (2012: 5,00,000) Ordinary shares of USD 1 each, fully paid-up

###### Coromandel SQM (India) Private Limited

50,00,000 (2012: 50,00,000) Ordinary shares of ₹10 each, fully paid-up

##### D. Others - Unquoted

###### Prathyusha Chemicals and Fertilisers Limited

10,01,000 (2012: 10,01,000) Equity shares of ₹10/- each, fully paid-up  
Less: Provision for diminution in value [Refer Note (ii) below]

###### Indian Potash Limited

90,000 (2012: 90,000) Equity shares of ₹10/- each, fully paid-up

###### Foskor (Pty) Limited

1,99,590 (2012: 1,99,590) Ordinary shares of South African Rand 1 each, fully paid-up

###### Murugappa Management Services Limited

16,139 (2012: 16,139) Equity shares of ₹100/- each, fully paid up

###### Bharuch Enviro Infrastructure Limited

16,100 (2012: 16,100) Equity shares of ₹10/- each, fully paid-up

###### Bharuch Eco Aqua Infrastructure Limited

2,75,000 (2012: 2,75,000) Equity shares of ₹10/- each, fully paid-up

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

13,40,000 (2012: 13,40,000) Equity shares of ₹10 each, fully paid-up

###### Total Trade (A+B+C+D)

##### II. Other investments - Unquoted

###### Faering Capital India Evolving Fund

19,225 (2012: 12,000) units of ₹1,000/- each, fully paid-up

###### Total Non-current investments (I+II)

(₹ in Lakhs)

As at 31 March 2013	As at 31 March 2012
40051	40051
17090	—
<b>57141</b>	<b>40051</b>
7910	—
1000	1000
7774	7774
466	377
<b>17150</b>	<b>9151</b>
11862	11862
219	219
500	500
<b>12581</b>	<b>12581</b>
143	143
141	141
2	2
5	5
23	23
73	73
2	2
28	28
754	754
887	887
<b>87759</b>	<b>62670</b>
192	120
<b>87951</b>	<b>62790</b>

Notes:

- 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.
- Aggregate amount of provision made for other than temporary diminution ₹141 lakhs (2012: ₹141 lakhs).
- Aggregate market value of listed and quoted investments and carrying cost thereof is ₹34412 lakhs (2012: ₹18462 lakhs) and ₹57141 lakhs (2012: ₹40051 lakhs) respectively.
- Aggregate carrying cost of unquoted investments is ₹30810 lakhs (2012: ₹22739 lakhs).

## ...Notes

(₹ in Lakhs)

### Note 13: Long-term loans and advances

(Unsecured and considered good)

Capital advances	329	3039
Minimum Alternate Tax (MAT) credit	3181	-
Deposits	2557	1842
Loans and advances to related parties* (Refer Note 37)	2551	-
Others	161	259
	<b>8779</b>	<b>5140</b>

\*represents loan made to TIFERT which is compulsorily convertible to equity shares at the end of three years from November 2012

### Note 14: Current investments

(At lower of cost and fair value)

#### Quoted

##### Ashnoor Textile Mills Limited

238 (2012: 238) Equity shares of ₹10/- each, fully paid-up

##### I G Petrochemicals Limited

13,000 (2012: 13,000) Equity shares of ₹10/- each, fully paid-up

#### Unquoted

##### UTI Master Shares

1,000 (2012: 1,000) Shares of ₹10/- each, fully paid-up

Notes:

\*less than a lakh

- Aggregate market value and carrying cost of quoted investments is ₹4 lakhs (2012: ₹4 lakhs) and ₹4 lakhs (2012: ₹4 lakhs) respectively

### Note 15: Inventories

Raw materials**	44923	85150
Raw materials in-transit**	7087	12523
Work-in-process**	935	1986
Finished goods**	41329	46426
Stock-in-trade**	25824	34396
Packing materials*	2760	2250
Stores and spare parts*	3631	2830
	<b>126489</b>	<b>185561</b>

\*At cost or under

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

### Note 16: Trade receivables

(Considered good, unless otherwise stated)

Trade receivables outstanding for a period exceeding six months from the date they were due for payment

Secured	696	214
Unsecured	3913	437
Unsecured, considered doubtful	2302	764
	<b>6911</b>	<b>1415</b>
Less: Provision for doubtful trade receivables	<b>2302</b>	<b>764</b>
	<b>4609</b>	<b>651</b>

Other trade receivables

Secured	4688	5229
Unsecured	151792	82822

(B)

(A+B)

	<b>156480</b>	<b>88051</b>
	<b>161089</b>	<b>88702</b>

## ...Notes

(₹ in Lakhs)

### Note 17: Cash and bank balances

#### Cash and cash equivalents

Cash on hand

Balances with banks:

On Current accounts

On Deposit accounts [Refer note (ii) below]

#### Other bank balances

In earmarked accounts:

Dividend accounts

Escrow accounts [Refer note (iii) below]

Margin money accounts

#### 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 (2012: ₹Nil) deposits which have a original maturity of more than 12 months.
- (iii) Represents ₹9047 lakhs maintained in escrow for open offer to be made by the Company to the shareholders of Liberty Phosphate Limited (LPL) and indemnity amounts aggregating ₹2254 lakhs held back in accordance with the share purchase agreements in respect of acquisitions (Refer Note 26).

### 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

Considered doubtful

Less: Provision for doubtful advances

Government subsidies receivable

Loans and advances to related parties (Refer Note 37)

Minimum Alternate Tax (MAT) credit

Inter-corporate deposits

Others

### Note 19: Other current assets

6.20% Fertiliser Companies' Government of India Special Bonds 2022  
10,000 (2012: 10,000) bonds of ₹100/- each

6.65% Fertiliser Companies' Government of India Special Bonds 2023  
5,000 (2012: 5,000) bonds of ₹100/- each

Less: Mark-to-market write down (Refer Note 40)

Interest accrued but not due on deposits, loans, others

\*less than a lakh

As at 31 March 2013	As at 31 March 2012
33	10
16720	40250
16000	50400
<b>32753</b>	<b>90660</b>
1218	1121
11301	—
4	4
<b>12523</b>	<b>1125</b>
<b>45276</b>	<b>91785</b>
10933	9076
6	6
10939	9082
6	6
10933	9076
126374	162599
2916	736
7220	—
38500	26982
1474	1945
<b>187417</b>	<b>201338</b>
*	*
*	*
—	—
—	—
—	—
724	1260
<b>724</b>	<b>1260</b>

(₹ in Lakhs)

**Note 20: Other operating revenue**

Service income	338	615
DEPB income/excise benefits	1240	1006
Provision for doubtful trade receivables and other liabilities no longer required, written back	280	84
Provision for mark to market Fertiliser Special Bonds no longer required, written back (Refer Note 40)	—	6889
Others	2107	2207
	<b>3965</b>	<b>10801</b>

**Note 21: Other income**

Interest on loans/deposits, Fertiliser Special Bonds, income tax refunds etc.	5760	5260
Dividend income		
from current investments	889	1826
from non-current investments	54	4581
[includes ₹Nil (2012: ₹4,483 lakhs) from subsidiary]		
	<b>6703</b>	<b>11667</b>

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

As at 1 April		
Work-in-process	1986	2178
Finished goods	46426	41593
Stock-in-trade	34396	13150
	82808	56921
Less: As at 31 March		
Work-in-process	935	1986
Finished goods	41329	46426
Stock-in-trade	25824	34396
	68088	82808
	<b>14720</b>	<b>(25887)</b>

**Note 23: Employee benefits expense**

Salaries, wages and bonus	16982	15533
Contribution to provident and other funds	1411	1271
Staff welfare expenses	2109	2018
	<b>20502</b>	<b>18822</b>

**Note 24: Finance costs**

Interest expense	17364	11101
Other borrowing costs and bank charges	303	550
	<b>17667</b>	<b>11651</b>

(₹ in Lakhs)

**Note 25: Other expenses**

	For the year ended 31 March 2013	For the year ended 31 March 2012
Consumption of stores and spare parts	4884	4995
Power, fuel and water	10718	9054
Rent	1622	1588
Repairs to:		
Buildings	104	111
Machinery	2009	1837
Others	1537	1114
Insurance	409	349
Rates and taxes	684	727
Increase/(decrease) in excise duty on finished goods inventory	(181)	925
Freight and distribution	47756	46099
Exchange differences (net)	20517	15702
Directors' fees	11	10
Loss on sale/scrap of fixed assets (net)	224	55
Loss on sale of Fertiliser Special Bonds (Refer Note 40)	–	5275
Provision for doubtful trade and other receivables, loans and advances	1538	169
Trade and other receivables written off	3	15
Miscellaneous expenses	16648	15681
	<b>108483</b>	<b>103706</b>



## 26. Acquisition of Liberty Phosphate Limited ("LPL") and Liberty Urvarak Limited ("LUL")

### a) Liberty Phosphate Limited :

Consequent to the share purchase agreement entered into by the Company on 24 January 2013 with the erstwhile promoters of Liberty Phosphate Limited (LPL), the Company on 7 March 2013 acquired 70,19,406 equity shares (representing 48.62%) from the erstwhile promoters of LPL at a price of ₹241/- per share and the Board of Directors of LPL was reconstituted and effective 7 March 2013, LPL became a subsidiary of the Company. The Company also made a detailed public announcement to acquire upto 37,53,933 equity shares (26% of the equity share capital) of LPL at a price of ₹241/- per share through an open offer from the shareholders in accordance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Accordingly, the total Open offer consideration aggregating ₹9047 lakhs has been deposited by the Company in an escrow account. The draft letter of offer has been filed with SEBI and approval is awaited.

### b) Liberty Urvarak Limited :

Consequent to the share purchase agreement entered into by the Company on 24 January 2013 with the shareholders of Liberty Urvarak Limited (LUL), the Company acquired 29,97,552 (100%) equity shares of LUL for a consideration of ₹7800 lakhs thereby making LUL a wholly owned subsidiary of the Company. LUL holds 5% of the voting share capital of LPL and by virtue of acquiring the controlling stakes (100%) in LUL, the Company along with LUL holds 77,42,334 (53.62%) equity shares of LPL.

### c) Business undertaking of Tungabhadra Fertilisers and Chemicals Company Limited :

The Board of the Company has also approved the acquisition of Business undertaking of M/s. Tungabhadra Fertilisers and Chemicals Company Limited (TFCCL), as a going concern on a slump sale basis, which is pending.

## 27. Acquisition of Sabero Organics Gujarat Limited ("Sabero") during year ended 31 March 2012

- 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, the Company had 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 and effective 17 December 2011 Sabero became a subsidiary of the Company.
- 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 for the year ended 31 March 2012.

## 28. Employee Stock Option Plan - ESOP 2007

- Pursuant to the decision of the shareholders, at their meeting held on 24 July 2007, the Company had established an 'Employee Stock Option Scheme 2007' ('ESOP 2007' or 'the Scheme') to be administered by the Remuneration and Nomination Committee of the Board of Directors.
- Under the Scheme, options not exceeding 1,27,85,976 equity shares of ₹1/- each have been reserved to be issued to the eligible employees, with each option conferring a right upon the employee to apply for one equity share. The options granted under the Scheme would vest not less than one year and not more than five years from the date of grant of the options. The options granted to the employees would be capable of being exercised within a period of three years from the date of vesting. In partial modification of the special resolution passed establishing ESOP 2007, the shareholders decided in their meeting held on 23 July 2012 to approve the extending of the exercise period of options granted under the ESOP 2007 from three years to six years.
- The exercise price of the option is equal to the latest available closing market price of the shares on the stock exchange where there is highest trading volume as on the date prior to the date of the Remuneration and Nomination Committee resolution approving the grant.
- Pursuant to the 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.
- The following are the number of options outstanding during the year:

	For the year ended 31 March 2013		For the year ended 31 March 2012	
	No. of Options	Weighted average exercise price (₹)	No. of Options	Weighted average exercise price (₹)
At the beginning of the year	33,01,780	200.55	42,22,616	156.77
Granted	—	—	2,40,400	322.76
Exercised	488,276	53.08	7,35,344	49.76
Cancelled	106,024	185.34	4,25,892	95.75
Lapsed	6,040	59.95	—	—
At the end of the year	27,01,440	228.12	33,01,780	200.55

## ...Notes

- 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 2.24 years (2012: 1.70 years).
- g) Number of options exercisable at the end of the year 15,20,110 (2012: 14,86,290).
- 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 2013	For the year ended 31 March 2012
<b>Profit after tax as reported (₹ in lakhs)</b>	44399	69327
Add: ESOP cost using intrinsic value method	—	—
Less: ESOP cost using fair value method	757	2289
Proforma profit after tax	43642	67038
<b>Earnings Per Share</b>		
<b>Basic</b>		
- No. of Shares	28,28,33,774	28,21,75,345
- EPS as reported (₹)	15.70	24.57
- Proforma EPS (₹)	15.43	23.76
<b>Diluted</b>		
- No. of shares	28,36,94,900	28,37,87,428
- EPS as reported (₹)	15.65	24.43
- Proforma EPS (₹)	15.38	23.62
The following assumptions were used for calculation of fair value of grants:		
Dividend yield (%)	700	400
Expected volatility (%)	0.39-0.47	0.48-0.50
Risk free interest rate (%)	8.0	8.0
Expected term (in years)	4-6	4

## 29. Earnings per Share

(₹ in Lakhs)

		For the year ended 31 March 2013	For the year ended 31 March 2012
i) Profit after tax (₹ in lakhs)	[a]	44399	69327
<b>Basic</b>			
ii) Weighted average number of equity shares of ₹1/- each outstanding during the year	[b]	28,28,33,774	28,21,75,345
<b>Dilution</b>			
iii) Effect of potential equity shares on employees stock options outstanding		861,126	1,612,083
iv) Weighted average number of equity shares of ₹1/- each outstanding during the year	[c]	28,36,94,900	28,37,87,428
<b>Earnings Per Share</b>			
v) Basic - [a]/[b] - (₹)		15.70	24.57
vi) Diluted - [a]/[c] - (₹)		15.65	24.43

## ...Notes

### 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 - ₹7168 lakhs (2012: ₹6716 lakhs) in respect of which the contingent liability is ₹1098 lakhs (2012: ₹2035 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 ₹28100 lakhs (2012: ₹26330 lakhs) in respect of which the contingent liability is ₹25191 lakhs (2012: ₹23887 lakhs).

#### b) Claims against the Company not acknowledged as debt:

(₹ in Lakhs)

In respect of matters under dispute:

Excise duty

Sales tax

Income tax

Others

As at 31 March 2013	As at 31 March 2012
1501	262
185	78
—	253
1661	1344

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

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

(₹ in Lakhs)

- (i) Assignment of receivables from fertiliser dealers and dealer financing by banks
- (ii) Assignment/sale of subsidy receivables where option to buy-back rests with the Company

As at 31 March 2013	As at 31 March 2012
7958	2500
25000	20000

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

### 31. Commitments

#### a) Capital commitments

(₹ in Lakhs)

Capital expenditure commitments

Commitment towards investments

- APGPCL shares purchase (refer note (i) below)

- Others (refer note (ii) below)

As at 31 March 2013	As at 31 March 2012
2206	14039
11000	—
1308	380

Notes:

- (i) ₹11000 lakhs is in respect of the proposed purchase of equity shares of Andhra Pradesh Gas Power Corporation Ltd. as per the Share Purchase Agreement dated 30 March 2013, entered into with another party.
- (ii) Excludes ₹9047 lakhs in respect of the total Open offer consideration relating to Liberty Phosphate Limited which has been deposited in an escrow account. (also Refer Note 26)

#### b) Other commitments

- (i) During the previous and in the current year, the Company issued comfort letters to certain banks who have lent to Sabero Organics Gujarat Limited ("Sabero") a subsidiary, in terms of which the Company has undertaken that it shall not reduce its shareholding in the subsidiary below 51%. In connection with the credit rating for the Commercial Paper programme of Sabero, the Company has issued a similar comfort letter (which also includes the assurance of making funds available, if required, to Sabero to enable it to meet its obligation under the aforesaid programme).
- (ii) Maximum obligation on long term lease of land - ₹174 lakhs (2012: ₹273 lakhs).

## ...Notes

### 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.

#### 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 ₹1480 lakhs (2012: ₹1233 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 capitalized by the Company under Capital work-in-progress/fixed assets:

(₹ in Lakhs)

	For the year ended 31 March 2013	For the year ended 31 March 2012
Employee benefits expense	218	173
Finance costs (net)	1469	584
Other expenses	235	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 2013	For the year ended 31 March 2012
Salaries, wages and bonus	259	244
Contribution to provident fund and other funds	21	20
Consumption of stores and spare parts	22	30
Power and fuel	16	9
Repairs to machinery	2	70
Miscellaneous expenses	71	95
	<b>391</b>	<b>468</b>

### 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 2013	For the year ended 31 March 2012
Ammonia	115053	118418
Rock Phosphate	62689	67920
Urea	29118	30242
Sulphur	25944	28401
Muriate of Potash	43198	47446
Phosphoric Acid	158451	234312
Plant Protection Chemicals	28816	24380
Others	22600	34946
	<b>485869</b>	<b>586065</b>

(b) Purchases of stock-in-trade

(₹ in Lakhs)

Di-Ammonium Phosphate (DAP)  
Ammonium Phosphatic Fertilisers  
Muriate of Potash  
Urea  
Ammonia  
Plant Protection Chemicals  
Others

For the year ended 31 March 2013	For the year ended 31 March 2012
79145	54269
—	60388
10561	42836
34145	15030
1846	2580
10556	7430
16746	10958
<b>152999</b>	<b>193491</b>

(c) Sales

(i) Manufactured\*

Di-Ammonium Phosphate (DAP)  
Ammonium Phosphatic Fertilisers  
Single Super Phosphate  
Plant Protection Chemicals  
Others

51790	50203
293755	259430
6065	5158
48688	41507
19897	23961
<b>420195</b>	<b>380259</b>

\* Sales are net of excise duty where applicable

(ii) Stock-in-trade

Di-Ammonium Phosphate (DAP)  
Ammonium Phosphatic Fertilisers  
Muriate of Potash  
Urea  
Ammonia  
Plant Protection Chemicals  
Others

51783	26193
4978	28440
11997	15715
28766	14967
1885	2868
10342	7477
25908	20968
<b>135659</b>	<b>116628</b>
<b>555854</b>	<b>496887</b>

**Total sales (i) + (ii)**

(₹ in Lakhs)

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

(i) Manufactured

Di-Ammonium Phosphate (DAP)  
Ammonium Phosphatic Fertilisers  
Single Super Phosphate  
Plant Protection Chemicals  
Others

As at 31 March 2013	As at 31 March 2012
9420	579
25509	30206
435	910
9146	7339
1916	2559

(ii) Stock-in-trade

Di- Ammonium Phosphate (DAP)  
Ammonium Phosphatic Fertilisers  
Muriate of Potash  
Urea  
Plant Protection Chemicals  
Others

46426	41593
1959	—
9907	—
13620	5213
662	826
2546	297
5702	6814
<b>34396</b>	<b>13150</b>
<b>80822</b>	<b>54743</b>

**Total opening stock (i) + (ii)**

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

(₹ in Lakhs)

(i) **Manufactured**

Di-Ammonium Phosphate (DAP)  
Ammonium Phosphatic Fertilisers  
Single Super Phosphate  
Plant Protection Chemicals  
Others

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

Di-Ammonium Phosphate (DAP)  
Ammonium Phosphatic Fertilisers  
Muriate of Potash  
Urea  
Plant Protection Chemicals  
Others

**Total closing stock (i) + (ii)**

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

As at 31 March 2013	As at 31 March 2012
6004	9420
23464	25509
1383	435
8181	9146
2297	1916
<b>41329</b>	<b>46426</b>
3466	1959
838	9907
2448	13620
7311	662
4245	2546
7516	5702
<b>25824</b>	<b>34396</b>
<b>67153</b>	<b>80822</b>

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
Liberty Phosphate Limited (LPL)	Subsidiary (w.e.f. 7 March 2013)
Liberty Urvarak Limited (LUL)	Subsidiary (w.e.f. 20 March 2013)
Liberty Pesticides and Fertilisers Limited (LPFL)	Subsidiary (w.e.f. 7 March 2013)
Sabero Organics Gujarat Limited (Sabero)	Subsidiary
Sabero Organics America Ltda (SOAL)	Subsidiary
Sabero Australia Pty Ltd, Australia (Sabero Australia)	Subsidiary
Sabero Europe BV (Sabero Europe)	Subsidiary
Sabero Argentina S.A. (Sabero Argentina)	Subsidiary
Parry Chemicals Limited (PCL)	Subsidiary
Dare Investments Limited	Subsidiary (w.e.f. 13 April 2012)
CFL Mauritius Limited (CML)	Subsidiary
Coromandel Brasil Limitada (CBL)	Subsidiary
Sadashiva Sugars Limited (SSL)	Fellow subsidiary
Parry Infrastructure Company Private Limited (PICPL)	Fellow subsidiary
Parry Sugar Industries Limited (PSIL)	Fellow subsidiary
Coromandel Getax Phosphates Pte Ltd. (CGPL)	Joint venture
Coromandel SQM (India) Pvt Limited (CSQM)	Joint venture
Tunisian Indian Fertilisers S.A (TIFERT)	Joint venture
Mr. Kapil Mehan, Managing Director	Key management personnel

(₹ in Lakhs)

**(B) Transactions during the year:**

- i) Sale of finished goods/raw materials/services
  - a) Holding company
  - b) Fellow subsidiary - SSL
  - c) Joint venture - CSQM
  - d) Subsidiary - Sabero
- ii) Interest received from
  - a) Subsidiary - PCL
- iii) Rent received
  - a) Fellow subsidiary - PICPL
- iv) Expenses reimbursed by
  - a) Holding company
  - b) Fellow subsidiary - PSIL
  - c) Joint venture - CSQM
  - d) Joint venture - TIFERT
  - e) Subsidiary - PCL
  - f) Subsidiary - Sabero
  - g) Fellow subsidiary - PICPL
  - h) Subsidiary - LPL
- v) Purchase of finished goods and services
  - a) Holding company
  - b) Joint venture - CSQM
  - c) Fellow subsidiary - PSIL
  - d) Subsidiary - Sabero
- vi) Commission on sales
  - a) Subsidiary - PCL
  - b) Subsidiary - CBL
- vii) Expenses reimbursed to
  - a) Holding company
  - b) Subsidiary - PCL
  - c) Subsidiary - Sabero
  - d) Fellow subsidiary - SSL
- viii) Advance given
  - a) Subsidiary - Sabero
- ix) Interest received on Inter corporate deposit/Loan
  - a) Joint venture - CSQM
  - b) Fellow subsidiary - SSL
  - c) Fellow subsidiary - PSIL
  - d) Subsidiary - Sabero
  - e) Subsidiary - CML
  - f) Joint venture - TIFERT
- x) Inter corporate deposit given and received back
  - a) Joint venture - CSQM
  - b) Fellow subsidiary - SSL
  - c) Fellow subsidiary - PSIL
- xi) Loan given
  - a) Subsidiary - CML
  - b) Joint venture - TIFERT
  - c) Subsidiary - Sabero

For the year ended 31 March 2013	For the year ended 31 March 2012
34	48
248	—
237	71
563	244
3	22
175	175
22	48
18	21
29	41
10	6
7	17
171	12
—	7
4	—
434	738
3085	199
49	96
5599	1479
38	41
79	—
431	231
2	2
208	—
—	*
—	200
—	*
—	9
—	19
114	—
6	—
29	—
—	50
—	2000
—	2900
823	—
2551	—
1500	—

(₹ in Lakhs)

xii) Loans and advances received back		
a) Subsidiary - CBL	3	—
b) Subsidiary - PCL	197	—
xiii) Investment made in equity shares of		
a) Subsidiary - CBL	89	138
b) Joint venture - CSQM	—	300
c) Subsidiary - PCL	—	950
xiv) Dividend received		
a) Subsidiary - CML	—	4483
xv) Dividend paid		
a) Holding company	5315	12401
xvi) Issue of 9% Unsecured redeemable non-convertible fully paid bonus debentures of ₹15 each		
a) Holding company	26573	—
xvii) Interest expense on 9% Unsecured redeemable non-convertible fully paid bonus debentures of ₹15 each		
a) Holding company	1651	—
xviii) Remuneration to Key management personnel		
a) Mr. Kapil Mehan	237	229

For the year ended 31 March 2013	For the year ended 31 March 2012
3	—
197	—
89	138
—	300
—	950
—	4483
5315	12401
26573	—
1651	—
237	229

(₹ in Lakhs)

**(C) Outstanding balances as at the year end**

a) Trade receivables/Loans and advances		
- Subsidiary - PCL	—	197
- Subsidiary - CBL	—	3
- Subsidiary - CML	820	—
- Joint venture - CSQM	—	82
- Joint venture - TIFERT	2582	—
- Fellow subsidiary - SSL	63	108
- Fellow subsidiary - PSIL	375	44
- Subsidiary - Sabero	1513	466
- Subsidiary - LPL	4	—
- Fellow subsidiary - PICPL	143	6
b) Trade payables/Other liabilities		
- Holding company	1872	124
- Joint venture - CSQM	394	—
- Fellow subsidiary - PICPL	3000	3000
- Subsidiary - Sabero	725	—
- Subsidiary - PCL	3	—
- Subsidiary - CBL	14	—
c) 9% Unsecured redeemable non-convertible fully paid bonus debentures of ₹15 each		
- Holding company	26573	—

As at 31 March 2013	As at 31 March 2012
—	197
—	3
820	—
—	82
2582	—
63	108
375	44
1513	466
4	—
143	6
1872	124
394	—
3000	3000
725	—
3	—
14	—
26573	—

\*less than a lakh

**Notes:**

- The Company has extended guarantees on behalf of CFL Mauritius Limited and TIFERT. Refer Note 30(a)
- 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	
	2012-2013	2011-2012	2012-2013	2011-2012
<b>Change in defined benefit obligation (DBO) during the year</b>				
Present value of DBO at the beginning of the year	2867	2501	31	117
Current service cost	268	233	*	1
Interest cost	215	190	1	9
Actuarial loss/(gain)	172	183	(24)	(96)
Benefits paid	(368)	(240)	—	—
<b>Present value of DBO at the end of the year</b>	<b>3154</b>	<b>2867</b>	<b>8</b>	<b>31</b>
Amounts recognised in the Balance Sheet				
Present value of DBO at the end of the year	3154	2867	8	31
Fair value of plan assets at the end of the year	2906	2610	—	—
<b>Funded status of the plans - (asset)/liability</b>	<b>248</b>	<b>257</b>	<b>8</b>	<b>31</b>
<b>Liability recognised in the Balance Sheet</b>	<b>248</b>	<b>257</b>	<b>8</b>	<b>31</b>
<b>Components of employer expense</b>				
Current service cost	268	233	*	1
Interest cost	215	190	1	9
Expected return on plan assets	(221)	(193)	—	—
Net actuarial (gain)/loss recognised	180	149	(24)	(96)
Past service cost	—	—	—	—
<b>Expense recognised in Statement of Profit and Loss</b>	<b>442</b>	<b>379</b>	<b>(23)</b>	<b>(86)</b>
<b>Nature and extent of investment details of the plan assets#</b>				
State and Central Securities	2.52%	—	—	—
Bonds	6.17%	—	—	—
Special deposits	0.78%	—	—	—
Insurer managed funds	90.53%	100%	—	—
<b>Actual return on plan assets#</b>	<b>213</b>	<b>226</b>	<b>—</b>	<b>—</b>
<b>Assumptions</b>				
Discount rate	8%	8%	8%	8%
Estimated rate of return on plan assets	8%	8%	—	—
Expected rate of salary increase	5-7%	5-7%	—	—
Attrition rate	5%	5%	1%	1% - 5%

\* less than a lakh

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

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

Experience adjustments:

(₹ in Lakhs)

	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
<b>Gratuity plan</b>					
Present value of DOB	3154	2867	2501	2114	713
Fair value of plan assets	2906	2610	2192	1846	715
Funded status [Asset/(liability)]	(248)	(257)	(309)	(268)	2
Experience adjustments loss/(gain)					
- on plan liabilities	172	183	72	267	63
- on plan assets	8	(34)	(87)	(44)	(7)
<b>Superannuation and other pension plans</b>					
Present value of DOB	8	31	117	115	146
Fair value of plan assets	—	—	—	—	—
Funded status [Asset/(liability)]	(8)	(31)	(117)	(115)	(146)
Experience adjustments loss/(gain)					
- on plan liabilities	(24)	(96)	(9)	(45)	(21)
- on plan assets	—	—	—	—	—

**b. Defined contribution plans**

In respect of the defined contribution plans, an amount of ₹884 lakhs (2012: ₹819 lakhs) has been recognised as an expense in the Statement of Profit and Loss during the year.

39. The Company has recognised subsidy income as per the prevalent Nutrient Based Subsidy (NBS) Policy announced by Government of India. Such income is included in "Government Subsidies" in the Statement of Profit and Loss. The subsidy income for the year includes ₹10884 lakhs(2012: ₹4612 lakhs) relating to earlier years comprising of freight subsidy income consequent to the final notification by the Government and subsidy income on opening inventories as at 1 April 2011 based on the communication issued by the Department of Fertilisers vide letter dated 22 August 2012 with respect to the earlier Office Memorandum dated 11 July 2011.
40. Consequent to the sale of the Government of India Special Bonds during the year ended 31 March 2012 and receipt of losses claimed from the Government of India, the Company accounted for the loss of ₹5275 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 has been reversed and is presented as 'Other operating revenue' (Refer Note 20).
41. During the year ended 31 March 2012, 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 2013, the Company is in the process of identifying potential buyers.
42. During the year, the Company has issued and allotted 28,28,17,658 9% Unsecured Redeemable Non-convertible Fully Paid Bonus Debentures of ₹15 each for every equity share, aggregating ₹42423 lakhs to the shareholders by appropriating the General Reserve through a Scheme of Arrangement (Scheme) approved by Hon'ble High Court of Andhra Pradesh and other relevant authorities. Further, in terms of the accounting treatment set out in the Scheme, dividend distribution tax paid on the aforesaid Debentures aggregating ₹6882 lakhs was also transferred from the General Reserve. The Company has also created a debenture redemption reserve amounting to ₹2553 lakhs as per the requirements of the Act and in accordance with the clarifications given by the Ministry of Corporate Affairs.
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 2013	USD	INR	89	539.48	292936	Buy
	USD	INR	7	1.00	543	Sell
As at 31 March 2012	USD	INR	55	431.70	219649	Buy
	USD	INR	4	2.50	1272	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.

## ...Notes

### 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 2013	USD	INR	10	80	43440	Buy
As at 31 March 2012	USD	INR	13	70	35616	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 2013		As at 31 March 2012	
		Foreign currency Amount in million	Amount ₹ in lakhs	Foreign currency Amount in million	Amount ₹ in lakhs
Trade payables	USD	5.68	3085	86.68	44102
	AED	33.98	5022	32.59	4510
Advance to suppliers	SEK	—	—	0.30	22
	EUR	—	—	0.18	116
Trade receivables	USD	2.95	1601	—	—
Borrowings	USD	8.65	4698	9.48	4825

## 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	As at 31 March 2013	Maximum balance outstanding during the year
Parry Chemicals Limited (PCL) (Refer note b)	Subsidiary	— (197)	197 (277)
Sabero Organics Gujarat Limited (Refer note c)	Subsidiary	1500 (-)	1500 (-)
CFL Mauritius Limited (CFLM) (Refer note d)	Subsidiary	814 (-)	823 (-)

Notes:

- Figures in bracket relate to previous year.
- The loan is repayable on demand and carries interest. Section 372A of the Act, is not applicable as PCL is a wholly owned subsidiary of the Company.
- The loan is repayable at the end of 90 days from the date of disbursement/roll over and interest is receivable per Section 372A of the Act.
- The loan is repayable at the end of 12 months from date of disbursement and carries interest. Section 372A of the Act is not applicable as CFLM is a wholly owned subsidiary of the Company.
- Compulsorily convertible loan amounting USD 4.65 million (equivalent to ₹2551 lakhs) extended to TIFERT, a Joint Venture company, and outstanding as at 31 March 2013 is not considered above.

## 45. Payments to Auditors

(₹ in Lakhs)

	For the year ended 31 March 2013	For the year ended 31 March 2012
Audit fees	40	28
Tax audit fees	7	5
Limited reviews	18	17
Certifications	65	45
Reimbursement of expenses	2	2
<b>Total</b>	<b>132</b>	<b>97</b>

Notes:

- The amount for the previous year includes ₹20 lakhs paid to the previous auditors
- Amounts given above excludes service tax

## ...Notes

### 46. Expenditure in foreign currency

(₹ in Lakhs)

	For the year ended 31 March 2013	For the year ended 31 March 2012
Export commission	185	136
Interest	5735	1972
Others	934	2226

### 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
2012-2013	2011-2012	1,00,58,358	37	302
2011-2012	2011-2012	1,01,15,420	56	405
2011-2012	2010-2011	1,01,15,420	56	303

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

(₹ in Lakhs)

	For the year ended 31 March 2013	For the year ended 31 March 2012
Raw materials	386662	520575
Stores and spare parts	174	204
Capital goods*	515	610
Stock-in-trade	118544	163942

\*includes technical know-how capitalised during the previous year ended 31 March 2012

### 49. Earnings in foreign exchange

(₹ in Lakhs)

	For the year ended 31 March 2013	For the year ended 31 March 2012
F.O.B. value of exports of goods	7294	5792
Service income	—	252
Dividend from subsidiary company	—	4483
Dividend from others	52	95
Others	3537	862

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

(₹ in Lakhs)

	% of total consumption	For the year ended 31 March 2013	% of total consumption	For the year ended 31 March 2012
<b>Raw materials (including packing material)</b>				
Imported (including imports through canalizing agents)	90.16	438067	87.59	513358
Indigenous	9.84	47802	12.41	72707
	<b>100.00</b>	<b>485869</b>	<b>100.00</b>	<b>586065</b>
<b>Stores and spare parts</b>				
Imported	4.89	239	2.08	103
Indigenous	95.11	4645	97.92	4892
	<b>100.00</b>	<b>4884</b>	<b>100.00</b>	<b>4995</b>

## ...Notes

### 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 2013			For the year ended 31 March 2012		
	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	–	15	25191	–	–	23887
Current liabilities	15	885	4207	9	513	3604
Non-current assets	–	377	34650	–	388	35356
Current assets	210	1062	4488	198	583	4034
Income	1	1848	–	2	191	69
Expenditure	7	1768	1652	3	226	196

\*All figures are as per the unaudited financial statements for the year ended 31 December 2012 (Previous year for the year ended 31 December 2011) and information has been furnished to the extent available with the Company.

### 52. Other matters

- a) Based on and to the extent of information available with the Company under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars as at 31 March 2013 are furnished below:

(₹ in Lakhs)

Sl. No.	Particulars	As at 31 March 2013	As at 31 March 2012
(i)	Principal amount due to suppliers under MSMED Act, as at the end of the year	170	–
(ii)	Interest accrued and due to suppliers under MSMED Act on the above amount as at the end of the year	–	–
(iii)	Payment made to suppliers (other than interest) beyond the appointed day, during the year	–	–
(iv)	Interest paid to suppliers under MSMED Act (other than Section 16)	–	–
(v)	Interest paid to suppliers under MSMED Act (Section 16)	–	–
(vi)	Interest due and payable to suppliers under MSMED Act, for payments already made	–	–
(vii)	Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (ii) + (vi)	–	–

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

- b) Exchange difference in respect of forward exchange contracts to be recognised in the Statement of Profit and Loss in the subsequent accounting period is ₹4686 lakhs debit (2012: ₹1969 lakhs debit).
- c) As on 31 March 2013, the Company has foreign currency borrowing of US\$ 80 million (2012: US\$70 million). The Company has entered into principal and interest rate swaps amounting US\$80 million (2012: US\$ 70 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. Previous year figures have been recast/ reclassified wherever necessary to correspond with the current year's classification/ disclosures.

## 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 and attributable expenditure on making the asset ready for its intended use.

### vi. Impairment

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

### vii. Foreign currency transactions

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 valued at lower of cost and market value and are shown as 'Other current assets'.

### xii. Revenue recognition

- a) Sale of goods is recognised when the risk and rewards of ownership are transferred to the customers. Sales include amounts recovered towards excise duty and exclude sales tax/value added tax.
- b) Subsidy is recognised on the basis of the rates notified from time to time by the Government of India in accordance with the Nutrient Based Subsidy (NBS) policy on the quantity of fertilisers sold by the Company for the period for which notification has been issued and for the remaining period, based on estimates.
- c) Dividend income from investments is accounted for in the year in which the right to receive the payment is established.
- d) Income from services rendered is recognised based on the agreements/arrangements with the concerned parties.
- 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) Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset, if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.
- c) Deferred tax is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in subsequent periods, subject to consideration of prudence.

**xviii. Earnings per share**

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

**xix. Employee stock option**

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

**For and on behalf of the Board of Directors**

  
**KAPIL MEHAN**  
Managing Director

  
**A. VELLAYAN**  
Chairman

  
**S. SANKARASUBRAMANIAN**  
Chief Financial Officer

  
**M.R. RAJARAM**  
Company Secretary

Place: Hyderabad  
Date : 23 April 2013





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# CONSOLIDATED FINANCIAL STATEMENTS

Coromandel International Limited, its Subsidiaries  
and Jointly controlled entities

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# INDEPENDENT AUDITORS' REPORT

## TO THE BOARD OF DIRECTORS OF COROMANDEL INTERNATIONAL LIMITED

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **COROMANDEL INTERNATIONAL LIMITED** (the "Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditors' Responsibility

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

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

accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Basis for Qualified Opinion

1. The consolidated financial statements include the unaudited financial statements/financial information of two subsidiaries and a jointly controlled entity (Previous year ended 31st March, 2012: six subsidiaries and a jointly controlled entity), whose financial statements/financial information reflect total assets (net) of ₹15286 Lakhs as at 31st March, 2013 (As at 31st March, 2012: ₹15165 Lakhs), total revenue of ₹271 Lakhs (Previous year ended 31st March, 2012: ₹344 Lakhs) and net cash outflows amounting to ₹146 Lakhs (Previous year ended 31st March, 2012: ₹4759 Lakhs) for the year ended on that date, as considered in the consolidated financial statements, based on their unaudited financial statements/financial information.
2. In respect of a jointly controlled entity whose financial statements/financial information reflect total assets (net) of ₹39138 Lakhs as at 31st December, 2012 (As at 31st December, 2011: ₹39389 Lakhs), total revenue of ₹Nil (Previous year ended 31st December, 2011: ₹69 Lakhs) and net cash out flows amounting to ₹305 Lakhs (Previous year ended 31st December, 2011: net cash inflows ₹3127 Lakhs) for the year ended on that date, as considered in the consolidated financial statements, based on their unaudited financial statements/financial information. Further, the Management has not made any adjustments to such financial statements/financial information for the intervening period from 1st January 2013 to 31st March 2013 (Previous year 1st January 2012 to 31st March 2012), as the financial statements of the said entity are not readily available. The financial statements of the joint venture were audited last for the year ended 31st December 2011.

Our opinion, in so far as it relates to the amounts included in respect of these subsidiaries and jointly controlled entities, is based solely on such unaudited financial statements/financial information.

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs, and based

on the consideration of the reports of the other auditors on the financial statements/financial information of the subsidiaries and a jointly controlled entity referred to below in the Other Matter paragraphs, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

#### Other Matters

- 1. We did not audit the financial statements/financial information of ten subsidiaries and a jointly controlled entity, whose financial statements/financial information reflect total assets (net) of ₹95775 Lakhs as at 31st March, 2013, total revenues of ₹48187 Lakhs and net cash outflows amounting to ₹367 Lakhs for the year ended on that date, as considered in the consolidated financial statements.

- 2. The consolidated financial statements also include the Group's share of loss after taxes of ₹1013 Lakhs representing adjustment for differences between unaudited financial statements and audited financial statements for the year ended 31st December 2011 of a joint venture audited by an other auditor.

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

Our opinion is not qualified in respect of these matters.

**For DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Firm Registration No. 008072S)



**Ganesh Balakrishnan**

Partner

**SECUNDERABAD, April 23, 2013**

(Membership No.201193)

# Consolidated Balance Sheet as at 31 March 2013

(₹ in Lakhs)

## I. EQUITY AND LIABILITIES

### 1. Shareholders' funds

- (a) Share capital
- (b) Reserves and surplus

### 2. Minority interest

### 3. Non-current liabilities

- (a) Long-term borrowings
- (b) Deferred tax liabilities (net)
- (c) Other long-term liabilities
- (d) Long-term provisions

### 4. Current liabilities

- (a) Short-term borrowings
- (b) Trade payables
- (c) Other current liabilities
- (d) Short-term provisions

### TOTAL

## II. ASSETS

### 1. Non-current assets

- (a) Fixed assets
  - (i) Tangible assets
  - (ii) Intangible assets
  - (iii) Capital work-in-progress

- (b) Goodwill on consolidation
- (c) Non-current investments
- (d) Long-term loans and advances

### 2. Current assets

- (a) Current investments
- (b) Inventories
- (c) Trade receivables
- (d) Cash and bank balances
- (e) Short-term loans and advances
- (f) Other current assets

### TOTAL

Note	As at 31 March 2013	As at 31 March 2012
1	2831	2826
2	216826	237208
	<b>219657</b>	<b>240034</b>
	<b>10628</b>	<b>1577</b>
3	109686	58627
4	18768	6745
5	3027	3399
6	1840	1761
	<b>133321</b>	<b>70532</b>
7	177027	228969
8	240137	211628
9	42351	30503
10	18084	13263
	<b>477599</b>	<b>484363</b>
	<b>841205</b>	<b>796506</b>
11(a)	136962	92877
11(b)	1760	2008
	42008	52671
	<b>180730</b>	<b>147556</b>
45(g)	46907	34702
12	15969	14947
13	10129	6736
	<b>253735</b>	<b>203941</b>
14	19	4
15	147754	192175
16	182009	95793
17	53459	98472
18	202970	204860
19	1259	1261
	<b>587470</b>	<b>592565</b>
	<b>841205</b>	<b>796506</b>

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 2013

For and on behalf of the Board of Directors

KAPIL MEHAN

Managing Director

S. SANKARASUBRAMANIAN

Chief Financial Officer

A. VELLAYAN

Chairman

M.R. RAJARAM

Company Secretary

# Consolidated Statement of Profit and Loss for the year ended 31 March 2013

(₹ in Lakhs)

	Note	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>I. Revenue</b>			
Revenue from operations			
Sales (gross)		613169	513280
Less: Excise duty		13272	9001
Sales (net)		599897	504279
Government subsidies		297129	474639
Other operating revenue	20	6346	11239
Other income	21	903372	990157
		7007	7804
<b>Total revenue</b>		<b>910379</b>	<b>997961</b>
<b>II. Expenses</b>			
Cost of materials consumed		517289	590623
Purchases of stock-in-trade		152071	193663
Changes in inventories of finished goods, work-in-process and stock-in-trade	22	12537	(25801)
Employee benefits expense	23	22976	19438
Finance costs	24	21016	12612
Depreciation and amortisation expense	11(a)/11(b)	7111	5970
Other expenses	25	121705	106790
<b>Total expenses</b>		<b>854705</b>	<b>903295</b>
<b>III. Profit before exceptional items, tax and minority interest (I-II)</b>		<b>55674</b>	<b>94666</b>
<b>IV. Exceptional item</b>	27	–	3553
<b>V. Profit before tax and minority interest (III-IV)</b>		<b>55674</b>	<b>91113</b>
<b>VI. Tax expense:</b>			
Current tax		11478	29059
Minimum Alternate Tax (MAT) credit		(10420)	–
Deferred tax		11251	(1400)
		12309	27659
<b>VII. Profit after tax and before minority interest (V-VI)</b>		<b>43365</b>	<b>63454</b>
<b>VIII. Minority interest</b>		166	(425)
<b>IX. Profit attributable to equity shareholders (VII-VIII)</b>		<b>43199</b>	<b>63879</b>
Earnings per equity share of ₹1/- each	29		
Basic ₹		15.27	22.64
Diluted ₹		15.23	22.51

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 2013

For and on behalf of the Board of Directors

KAPIL MEHAN

Managing Director

S. SANKARASUBRAMANIAN

Chief Financial Officer

A. VELLAYAN

Chairman

M.R. RAJARAM

Company Secretary

# Consolidated Cash Flow Statement for the year ended 31 March 2013

(₹ in Lakhs)

	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>Cash flow from operating activities</b>		
Profit before tax	55674	91113
Adjustments for:		
Depreciation and amortisation expense	7111	5970
Loss on sale/scrap of fixed assets	226	6
Loss on sale of fertiliser special bonds	—	5275
Exchange differences (net)	6837	9645
Provision for doubtful trade receivables and other liabilities no longer required, written back	(347)	(84)
Provision for mark to market on Fertiliser Companies' Government of India Special Bonds no longer required, written back	—	(6889)
Provision for doubtful trade and other receivables, loans and advances	1621	533
Trade and other receivables written off	2	15
Provision for employee benefits	4	308
Finance costs	21016	12612
Interest income	(5802)	(5337)
Dividend income	(1205)	(2467)
<b>Operating profit before working capital changes</b>	<b>85137</b>	<b>110700</b>
<i>Changes in working capital:</i>		
Trade payables	21172	50345
Other current liabilities	(801)	(1645)
Other long-term liabilities	(390)	399
Trade receivables	(79336)	(68043)
Inventories	55259	(33602)
Long-term loans and advances	(3021)	(592)
Short-term loans and advances	32252	(61939)
Increase/(decrease) in restricted cash	326	(87)
Proceeds from sale of Fertiliser Companies' Government of India Special Bonds	—	41461
<b>Cash generated from operations</b>	<b>110598</b>	<b>36997</b>
Direct taxes paid (net of refunds)	(12069)	(27597)
<b>Net cash flow from operating activities (A)</b>	<b>98529</b>	<b>9400</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including capital work-in-progress and capital advances	(26273)	(24009)
Proceeds from sale of fixed assets	419	403
Purchase of non-current investments, including subsidiaries (Refer Note 3 below)	(22818)	(40431)
Amount transferred to Escrow accounts (Refer Note 26)	(11301)	—
Inter-corporate deposits placed	(106000)	(61932)
Inter-corporate deposits matured	94482	34950
Purchase of current investments - mutual fund units	(537404)	(683600)
Proceeds from sale of current investments - mutual fund units	537400	687350
Interest received	6159	5092
Dividend received from current and non-current investments	1205	2467
<b>Net cash used in investing activities (B)</b>	<b>(64131)</b>	<b>(79710)</b>

# Consolidated Cash Flow Statement (Contd.)

(₹ in Lakhs)

## Cash flow from financing activities

Proceeds from issue of equity shares on exercise of employee stock options
Proceeds from long-term borrowings
Repayment of long-term borrowings
Increase/(decrease) in short-term borrowings
Dividend paid including tax thereon
Interest and other borrowing costs paid

**Net cash from/(used in) financing activities (C)**

**Net increase/(decrease) in cash and cash equivalents (A + B + C)**

Cash and cash equivalents at the beginning of the year
Cash and cash equivalents acquired during the year (Refer Note 3 below)
Exchange gain/(loss) on cash and cash equivalents
Cash and cash equivalents at the end of the year

For the year ended 31 March 2013	For the year ended 31 March 2012
259	367
14569	24442
(4656)	(1124)
(66168)	82860
(16742)	(22961)
(20140)	(13104)
<b>(92878)</b>	<b>70480</b>
(58480)	170
95819	95230
284	279
(122)	140
<b>37501</b>	<b>95819</b>
53459	98472
1224	1127
11301	—
3433	1526
<b>37501</b>	<b>95819</b>

## Notes:

- Cash Flow Statement has been prepared under the Indirect method as set out in the Accounting Standard 3 on Cash Flow Statements.
- Reconciliation of Cash and cash equivalents at the end of the year with Cash and bank balances as per Note 17:  
Cash and bank balances as per Note 17  
Less: Balances in earmarked accounts  
- Dividend accounts  
- Escrow account (Refer Note 26)  
- Margin money accounts  
Cash and cash equivalents at the end of the year
- (a) During the year, the Group acquired 53.62% and 100% equity shares of Liberty Phosphate Limited (LPL) and Liberty Urvarak Limited (LUL) respectively. Purchase of non-current investments includes an amount of ₹22746 lakhs (net of indemnity amounts held back) paid for the acquisition of LPL and LUL (Refer Note 26).
- (b) During the previous year, the Group acquired majority 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 27).

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 2013

## For and on behalf of the Board of Directors

  
**KAPIL MEHAN**  
Managing Director

  
**S. SANKARASUBRAMANIAN**  
Chief Financial Officer

  
**A. VELLAYAN**  
Chairman

  
**M.R. RAJARAM**  
Company Secretary



# Notes forming part of the consolidated financial statements

(₹ in Lakhs)

## Note 1: Share capital

### Authorised

35,00,00,000 (2012: 35,00,00,000) equity shares of ₹1/- each

### Issued, subscribed and fully paid up

28,30,57,818 (2012: 28,25,69,542) equity shares of ₹1/- each

As at 31 March 2013	As at 31 March 2012
3500	3500
2831	2826

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 2013		Year ended 31 March 2012	
	Number	₹ in lakhs	Number	₹ in lakhs
Per last Balance Sheet	282569542	2826	281834198	2818
Add: Equity shares allotted pursuant to exercise of stock options	488276	5	735344	8
Balance at the end of the year	283057818	2831	282569542	2826

### (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 2013, E.I.D Parry (India) Limited (Holding Company) held 17,71,55,580 (2012: 17,71,55,580) equity shares of ₹1/- each fully paid-up representing 62.59% (2012: 62.69%) of the paid-up capital. There are no other shareholders holding more than 5% of the issued capital.

(iv) As at 31 March 2013, shares reserved for issue under the 'ESOP 2007' scheme is 95,22,054 (2012: 1,00,10,330) 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:

- 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.
- 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.

## ...Consolidated Notes

(₹ in Lakhs)

### Note 2: Reserves and surplus

(i) **Capital reserve (on Amalgamation)**

Per last Balance Sheet

13602

13602

(ii) **Capital reserve**

Per last Balance Sheet

19

19

(iii) **Capital redemption reserve**

Per last Balance Sheet

486

486

(iv) **Securities premium account**

Per last Balance Sheet

7295

6936

Add: Received on exercise of employee stock options

254

359

7549

7295

(v) **Debenture redemption reserve**

Created during the year

2553

–

(vi) **Central subsidy**

Per last Balance Sheet

11

11

(vii) **Foreign currency translation reserve**

Per last Balance Sheet

2069

(1032)

Add: Movement during the period

501

3101

2570

2069

(viii) **General reserve**

Per last Balance Sheet

164801

134801

Add: Transferred from surplus in Consolidated Statement of Profit and Loss

25000

30000

Less: Utilised during the year for:

Issue of fully paid bonus debentures of ₹15/- each (Refer Note 41)

42423

–

Dividend distribution tax on issue of bonus debentures (Refer Note 41)

6882

–

140496

164801

(ix) **Surplus in the Consolidated Statement of Profit and Loss**

Per last Balance Sheet

48940

38047

Add: Profit for the year

43199

63879

Less: Transferred to debenture redemption reserve (Refer Note 41)

2553

–

Transferred to general reserve

25000

30000

Interim dividend on equity shares of the Company [includes ₹7 lakhs on final dividend for 2011-2012 (₹5 lakhs on final dividend for 2010-2011)]

7

11301

Proposed final dividend on equity shares of the Company

12738

8477

Dividend on preference shares of a subsidiary

40

–

Dividend distribution tax [includes ₹1 lakh on final dividend for 2011-2012 (₹1 lakh on final dividend for 2010-2011)]

2246

3208

49555

48940

(i) + (ii) + (iii) + (iv) + (v) + (vi) + (vii) + (viii) + (ix)

216841

237223

Less: Amalgamation adjustment account

(15)

(15)

216826

237208

## ...Consolidated Notes

(₹ in Lakhs)

### Note 3: Long-term borrowings

## Secured

## Term Loans

Banks

Others

## Unsecured

9% Unsecured redeemable non-convertible fully paid bonus debentures of ₹15/- each

As at 31 March 2013	As at 31 March 2012
67258 5	58627 –
67263	58627
42423	–
<b>109686</b>	<b>58627</b>

Notes:

- (i) The term loans from banks comprise of External Commercial Borrowings (ECB) and are secured by Paripassu charge on fixed assets of Visakhapatnam and Kakinada plants. These loans are repayable over the next five years and have been fully hedged for exchange and interest rates. For ECB aggregating to ₹10560 lakhs as at 31 March 2013 charge is pending creation. The above loans carry interest rates with spread ranging 170 bps to 215 bps over 3 months LIBOR.
- (ii) 9% Unsecured redeemable non-convertible fully paid bonus debentures are redeemable at par over three years commencing from 23 July 2014 (₹5 each year) and interest is payable on an annual basis commencing from 23 July 2013 upto 23 July 2016. (Refer Note 41)
- (iii) The borrowings amounting to ₹1090 lakhs (2012: ₹2035 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.
- (iv) Term loans availed by Sabero Organics Gujarat Limited, a subsidiary, amounting to ₹9660 lakhs (2012: ₹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 parri-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.
- (v) Term loans availed by Liberty Phosphate Limited, a subsidiary, amounting to ₹1345 lakhs, including current maturities, are secured by a first pari-passu charge on all assets, both present and future.
- (vi) Foreign currency term loans from banks including lease obligations availed by TIFERT, a joint venture, amounting to ₹25191 lakhs (2012: ₹23887 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.

## ...Consolidated Notes

(₹ in Lakhs)

### Note 4: Deferred tax liabilities (net)

Deferred tax liability:

On account of depreciation

Deferred tax asset:

On employees separation and retirement costs

On provision for doubtful trade and other receivables

On statutory dues allowable on payment basis

On unabsorbed business losses

Other timing differences

### Deferred tax liabilities (net)

### Note 5: Other long-term liabilities

Security deposits

### Note 6: Long-term provisions

Gratuity (Refer Note 37a)

Compensated absences

Other employee benefits

### Note 7: Short-term borrowings

Loans repayable on demand from banks

Secured

Unsecured

Short-term loans from banks

Secured

Unsecured

Notes:

- (i) Secured short-term borrowings comprises working capital demand loans and cash credit balances. 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, Liberty Phosphate Limited, Liberty Urvarak Limited, subsidiaries, the borrowings are secured by a first charge by way of hypothecation of their respective stocks of raw materials, work-in-process, finished goods, book debts and subsidy 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 loans from banks and commercial paper.

As at 31 March 2013	As at 31 March 2012
23255	11035
714	461
782	247
373	575
1380	1458
1238	1549
4487	4290
<b>18768</b>	<b>6745</b>
3027	3399
<b>3027</b>	<b>3399</b>
375	354
1003	772
462	635
<b>1840</b>	<b>1761</b>
23973	58373
146357	120596
4197	–
2500	50000
<b>177027</b>	<b>228969</b>

## ...Consolidated Notes

(₹ in Lakhs)

### Note 8: Trade payables

Acceptances	140347	86061
Other than acceptances	99790	125567
	<b>240137</b>	<b>211628</b>

#### Note 9: Other current liabilities

Current maturities of long-term debt (Refer Note (i) below)	7870	6745
Interest accrued but not due on borrowings	3267	762
Interest accrued but not due on others	610	531
Advances from customers	2632	2020
Unclaimed dividends (Refer Note (iii) below)	1229	1127
Security and trade deposits received	8074	7574
Payables on purchase of fixed assets	7510	4412
Other liabilities (including statutory remittances)	11159	7332
	<b>42351</b>	<b>30503</b>

Notes:

- (i) Refer Note 3 - Long-term borrowings for details of security.
- (ii) Other liabilities include indemnity amounts aggregating ₹2254 lakhs held back in accordance with the share purchase agreements in respect of acquisitions (Refer Note 26).
- (iii) There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.
- (iv) As at 31 March 2013, cheques aggregating ₹Nil (2012: ₹0.23 lakhs) were issued but not encashed on account of fixed deposit refunds.

### Note 10: Short-term provisions

Employee benefits	429	379
Current tax (net of advance tax)	2672	3032
Proposed dividend	12738	8477
Tax on proposed dividend	2245	1375
	<b>18084</b>	<b>13263</b>

**Note 11(a): Tangible assets**

[illegible]

(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 subsidiaries (Refer Note 26)

(c) Lease deed in respect of and admeasuring 2.80 acres taken on lease from Visakhapatnam Port Trust by the erstwhile Godavari Fertilisers and Chemicals Limited is pending execution

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

(e) Lease hold land pertaining to a subsidiary includes ₹249 lakhs which is pending registration with appropriate authority

Description	COST or VALUATION					DEPRECIATION / AMORTISATION					NET BOOK VALUE			
	As at 1 April 2012	Acquisition (see Note (b) above)	Additions	Deductions/ Adjustments	Effect of translation	As at 31 March 2013	Upto 1 April 2012	Acquisition (see Note (b) above)	For the year	On Deductions/ Adjustments	Effect of translation	Upto 31 March 2013	As at 31 March 2013	As at 31 March 2012
Technical know-how	733	-	-	8	-	725	56	-	89	2	-	143	582	677
Product development	1465	-	97	198	-	1364	207	-	58	13	-	252	1112	1258
Software	129	-	21	-	(1)	149	56	-	27	-	-	83	66	73
	<b>2327</b>	<b>-</b>	<b>118</b>	<b>206</b>	<b>(1)</b>	<b>2238</b>	<b>319</b>	<b>-</b>	<b>174</b>	<b>15</b>	<b>-</b>	<b>478</b>	<b>1760</b>	<b>2008</b>
Previous year	<b>19</b>	<b>1548</b>	<b>759</b>	<b>-</b>	<b>1</b>	<b>2327</b>	<b>12</b>	<b>202</b>	<b>105</b>	<b>-</b>	<b>-</b>	<b>319</b>	<b>2008</b>	

Depreciation and amortisation expense for the year

5970

## ...Consolidated Notes

(₹ in Lakhs)

### Note 12: Non-current investments

(At cost unless otherwise stated)

#### I. Trade, unquoted

##### Prathyusha Chemicals and Fertilisers Limited

10,01,000 (2012: 10,01,000) Equity shares of ₹10/- each, fully paid-up

Less: Provision for diminution in value [Refer Note (i) below]

##### Indian Potash Limited

90,000 (2012: 90,000) Equity shares of ₹10/- each, fully paid-up

##### Foskor (Pty) Limited

12,82,070 (2012: 12,82,070) Ordinary shares of South African Rand 1 each fully paid-up

##### Murugappa Management Services Limited

16,139 (2012: 16,139) Equity shares of ₹100/- each fully paid up

##### Bharuch Enviro Infrastructure Limited

16,100 (2012: 16,100) Equity shares of ₹10/- each, fully paid-up

##### Bharuch Eco Aqua Infrastructure Limited

2,75,000 (2012: 2,75,000) Equity shares of ₹10/- each, fully paid-up

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

13,40,000 (2012: 13,40,000) Equity shares of ₹10 each fully paid-up

##### Total Trade

#### II. Trade, Quoted

##### Rama Phosphate Limited

13,719 Equity shares of ₹10 each fully paid-up

#### III. Other investments - Unquoted

Faering Capital India Evolving Fund

19,225 (2012: 12,000) units of ₹1,000/- each, fully paid-up

##### Total Non-current investments (I+II+III)

Notes:

- (i) Aggregate amount of provision made for other than temporary diminution ₹141 lakhs (2012: ₹141 lakhs).
- (ii) Aggregate market value of listed and quoted investments and carrying cost thereof is ₹7 lakhs (2012: ₹Nil) and ₹10 lakhs (2012: ₹Nil) respectively.
- (iii) Aggregate carrying cost of unquoted investments is ₹15959 lakhs (2012: ₹14947 lakhs).

### Note 13: Long-term loans and advances

(Unsecured and considered good)

Capital advances

Minimum Alternate Tax (MAT) credit

Deposits

Loans and advances to related parties\* (Refer Note 36)

Others

As at 31 March 2013	As at 31 March 2012
143	143
141	141
2	2
5	5
14903	13963
73	73
2	2
28	28
754	754
<b>15767</b>	<b>14827</b>
10	—
192	120
<b>15969</b>	<b>14947</b>
1349	4623
3181	—
3140	1843
2168	—
291	270
<b>10129</b>	<b>6736</b>

\* represents loan made to TIFERT which is compulsorily convertible to equity shares at the end of three years from November 2012

## ...Consolidated Notes

(₹ in Lakhs)

### Note 14: Current investments

(At lower of cost and fair value)

#### Quoted

##### Ashnoor Textile Mills Limited

238 (2012: 238) Equity shares of ₹10/- each, fully paid-up

##### I G Petrochemicals Limited

13,000 (2012: 13,000) Equity shares of ₹10/- each, fully paid-up

#### Unquoted

##### UTI Master Shares

1,000 (2012: 1,000) Shares of ₹10/- each, fully paid-up

##### Canara Robecco Gold Saving Fund

1,38,949.49 units of mutual fund

#### Government securities

Notes:

\*less than a lakh

- Aggregate market value and carrying cost of quoted investments is ₹4 lakhs (2012: ₹4 lakhs) and ₹4 lakhs (2012: ₹4 lakhs) respectively

- Aggregate carrying cost of unquoted investments is ₹15 lakhs (2012: ₹Nil)

### Note 15: Inventories

Raw materials\*\*

Raw materials in-transit\*\*

Work-in-process\*\*

Finished goods\*\*

Stock-in-trade\*\*

Packing materials\*

Stores and spare parts\*

\*At cost or under

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

### Note 16: Trade receivables

(Considered good, unless otherwise stated)

Trade receivables outstanding for a period exceeding six months from the date they were due for payment

Secured

Unsecured

Unsecured, considered doubtful

Less: Provision for doubtful trade receivables

(A)

Other trade receivables

Secured

Unsecured

(B)

(A+B)

As at 31 March 2013	As at 31 March 2012
*	*
4	4
*	*
14	—
1	—
<b>19</b>	<b>4</b>
53889	87789
7087	12523
1308	2610
51937	49305
26099	34465
2858	2262
4576	3221
<b>147754</b>	<b>192175</b>
730	230
5342	1021
2578	987
8650	2238
2578	987
6072	1251
4688	5252
171249	89290
175937	94542
<b>182009</b>	<b>95793</b>



## ...Consolidated Notes

(₹ in Lakhs)

### Note 17: Cash and bank balances

#### Cash and cash equivalents

Cash on hand

Balances with banks:

On Current accounts

On Deposit accounts [Refer note (ii) below]

#### Other bank balances

In earmarked accounts:

Dividend accounts

Escrow accounts [Refer note (iii) below]

Margin money accounts

Notes:

- (i) Cash and cash equivalents as above meet the definition of cash and cash equivalents as per AS 3 'Cash Flow Statements'.
- (ii) Margin money accounts includes ₹373 Lakhs (2012: ₹Nil) deposits which have a original maturity of more than 12 months.
- (iii) Represents ₹9047 lakhs maintained in escrow for open offer to be made by the Company to the shareholders of Liberty Phosphate Limited (LPL) and indemnity amounts aggregating ₹2254 lakhs held back in accordance with the share purchase agreements in respect of acquisitions (Refer Note 26).

### 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

Considered doubtful

Less: Provision for doubtful advances

Government subsidies receivable

Loans and advances to related parties (Refer Note 36)

Minimum Alternate Tax (MAT) credit

Inter-corporate deposits

Others

### Note 19: Other current assets

6.20% Fertiliser Companies' Government of India Special Bonds 2022  
10,000 (2012: 10,000) bonds of ₹100/- each

6.65% Fertiliser Companies' Government of India Special Bonds 2023  
5,000 (2012: 5,000) bonds of ₹100/- each

Less: Mark-to-market write down (Refer Note 39)

Interest accrued but not due on deposits, loans, others

As at 31 March 2013	As at 31 March 2012
47	26
21044	41650
16410	54143
<b>37501</b>	<b>95819</b>
1224	1127
11301	—
3433	1526
<b>15958</b>	<b>2653</b>
<b>53459</b>	<b>98472</b>
17532	11111
260	172
<b>17792</b>	<b>11283</b>
260	172
17532	11111
137558	162599
581	199
7239	—
38500	26982
1560	3969
<b>202970</b>	<b>204860</b>
*	*
*	*
—	—
—	—
—	—
1259	1261
<b>1259</b>	<b>1261</b>

\*less than a lakh

## ...Consolidated Notes

(₹ in Lakhs)

### Note 20: Other operating revenue

Service income	331	609
DEPB income/excise benefits	3167	1282
Provision for doubtful trade receivables and other liabilities no longer required, written back	347	84
Provision for mark to market Fertiliser Special Bonds no longer required, written back (Refer Note 39)	—	6889
Others	2501	2375
	<b>6346</b>	<b>11239</b>

### Note 21: Other income

Interest on loans/deposits, Fertiliser Special Bonds, income tax refunds etc.	5802	5337
Dividend income		
from current investments	889	1830
from non-current investments	316	637
	<b>7007</b>	<b>7804</b>

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

As at 1 April		
Work-in-process	2610	2178
Finished goods	49305	41593
Stock-in-trade	34465	13150
	86380	56921
Stocks on date of acquisition of subsidiaries	5501	3658
Less: As at 31 March		
Work-in-process	1308	2610
Finished goods	51937	49305
Stock-in-trade	26099	34465
	79344	86380
	<b>12537</b>	<b>(25801)</b>

### Note 23: Employee benefits expense

Salaries, wages and bonus	19272	16106
Contribution to provident and other funds	1526	1274
Staff welfare expenses	2178	2058
	<b>22976</b>	<b>19438</b>

### Note 24: Finance costs

Interest expense	20510	12060
Other borrowing costs and bank charges	506	552
	<b>21016</b>	<b>12612</b>

## ...Consolidated Notes

(₹ in Lakhs)

### Note 25: Other expenses

	For the year ended 31 March 2013	For the year ended 31 March 2012
Consumption of stores and spare parts	5561	5326
Power, fuel and water	17392	10435
Rent	1744	1636
Repairs to:		
Buildings	405	128
Machinery	2039	1959
Others	1556	1138
Insurance	505	386
Rates and taxes	767	785
Increase/ (decrease) in excise duty on finished goods inventory	(166)	925
Freight and distribution	49851	46511
Exchange differences (net)	20557	15428
Directors' fees	11	10
Loss on sale/scrap of fixed assets (net)	226	6
Loss on sale of Fertiliser Special Bonds (Refer Note 39)	–	5275
Provision for doubtful trade and other receivables, loans and advances	1621	533
Trade and other receivables written off	2	15
Miscellaneous expenses	19634	16294
	<b>121705</b>	<b>106790</b>

## ...Consolidated Notes

### 26. Acquisition of Liberty Phosphate Limited ("LPL") and Liberty Urvarak Limited ("LUL")

#### a) Liberty Phosphate Limited:

Consequent to the share purchase agreement entered into by the Company on 24 January 2013 with the erstwhile promoters of Liberty Phosphate Limited (LPL), the Company on 7 March 2013 acquired 70,19,406 equity shares (representing 48.62%) from the erstwhile promoters of LPL at a price of ₹241/- per share and the Board of Directors of LPL was reconstituted and effective 7 March 2013, LPL became a subsidiary of the Company. The Company also made a detailed public announcement to acquire upto 37,53,933 equity shares (26% of the equity share capital) of LPL at a price of ₹241/- per share through an open offer from the shareholders in accordance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Accordingly, the total Open offer consideration aggregating ₹9047 Lakhs has been deposited by the Company in an escrow account. The draft letter of offer has been filed with SEBI and approval is awaited.

#### b) Liberty Urvarak Limited:

Consequent to the share purchase agreement entered into by the Company on 24 January 2013 with the shareholders of Liberty Urvarak Limited (LUL), the Company acquired 29,97,552 (100%) equity shares of LUL for a consideration of ₹7800 Lakhs thereby making LUL a wholly owned subsidiary of the Company. LUL holds 5% of the voting share capital of LPL and by virtue of acquiring the controlling stakes (100%) in LUL, the Company along with LUL holds 77,42,334 (53.62%) equity shares of LPL.

#### c) Business undertaking of Tungabhadra Fertilisers and Chemicals Company Limited:

The Board of the Company has also approved the acquisition of Business undertaking of M/s. Tungabhadra Fertilisers and Chemicals Company Limited (TFCCCL), as a going concern on a slump sale basis, which is pending.

### 27. Acquisition of Sabero Organics Gujarat Limited("Sabero") during year ended 31 March 2012

- 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, the Company had 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 and effective 17 December 2011 Sabero became a subsidiary of the Company.
- 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 for the year ended 31 March 2012.

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

- Pursuant to the decision of the shareholders, at their meeting held on 24 July 2007, the Company had established an 'Employee Stock Option Scheme 2007' ('ESOP 2007' or 'the Scheme') to be administered by the Remuneration and Nomination Committee of the Board of Directors.
- 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 with in a period of three years from the date of vesting. In partial modification of the special resolution passed establishing ESOP 2007, the shareholders decided in their meeting held on 23 July 2012 to approve the extending of the exercise period of options granted under the ESOP 2007 from three years to six years.
- The exercise price of the option is equal to the latest available closing market price of the shares on the stock exchange where there is highest trading volume as on the date prior to the date of the Remuneration and Nomination Committee resolution approving the grant.
- Pursuant to the 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.
- The following are the number of options outstanding during the year:

	For the year ended 31 March 2013		For the year ended 31 March 2012	
	No. of Options	Weighted average exercise price (₹)	No. of Options	Weighted average exercise price (₹)
At the beginning of the year	33,01,780	200.55	42,22,616	156.77
Granted	—	—	2,40,400	322.76
Exercised	488,276	53.08	7,35,344	49.76
Cancelled	106,024	185.34	4,25,892	95.75
Lapsed	6,040	59.95	—	—
At the end of the year	27,01,440	228.12	33,01,780	200.55

## ...Consolidated Notes

- 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 2.24 years (2012: 1.70 years).
- g) Number of options exercisable at the end of the year 15,20,110 (2012: 14,86,290).
- 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 2013	For the year ended 31 March 2012
<b>Profit after tax as reported (₹ in lakhs)</b>	43199	63879
Add: ESOP cost using intrinsic value method	—	—
Less: ESOP cost using fair value method	757	2289
Proforma profit after tax	42442	61590
<b>Earnings Per Share</b>		
<b>Basic</b>		
- No. of Shares	28,28,33,774	28,21,75,345
- EPS as reported (₹)	15.27	22.64
- Proforma EPS (₹)	15.01	21.83
<b>Diluted</b>		
- No. of shares	28,36,94,900	28,37,87,428
- EPS as reported (₹)	15.23	22.51
- Proforma EPS (₹)	14.96	21.70
The following assumptions were used for calculation of fair value of grants:		
Dividend yield (%)	700	400
Expected volatility (%)	0.39-0.47	0.48-0.50
Risk free interest rate (%)	8.0	8.0
Expected term (in years)	4-6	4

### 29. Earnings per Share

		For the year ended 31 March 2013	For the year ended 31 March 2012
i) Profit after tax (₹ in lakhs)	[a]	43199	63879
<b>Basic</b>			
ii) Weighted average number of equity shares of ₹1/- each outstanding during the year	[b]	28,28,33,774	28,21,75,345
<b>Dilution</b>			
iii) Effect of potential equity shares on employees stock options outstanding		861,126	16,12,083
iv) Weighted average number of equity shares of ₹1/- each outstanding during the year	[c]	28,36,94,900	28,37,87,428
<b>Earnings Per Share</b>			
v) Basic - [a]/[b] - (₹)		15.27	22.64
vi) Diluted - [a]/[c] - (₹)		15.23	22.51

### 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 - ₹7168 lakhs (2012: ₹6716 lakhs) in respect of which the contingent liability is ₹1098 lakhs (2012: ₹2035 lakhs).

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- (ii) The Company has provided a guarantee towards the borrowing of Tunisian Indian Fertilisers S.A., Tunisia (TIFERT), a joint venture company, up to ₹28100 lakhs (2012: ₹26330 lakhs) in respect of which the contingent liability is ₹25191 lakhs (2012: ₹23887 lakhs).

### b) Claims against the Group not acknowledged as debt:

(₹ in Lakhs)

In respect of matters under dispute:

Excise duty  
Sales tax  
Income tax  
Others

As at 31 March 2013	As at 31 March 2012
1569	313
346	226
625	728
2757	1475

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

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

(₹ in Lakhs)

- (i) Assignment of receivables from fertiliser dealers and dealer financing by banks  
(ii) Assignment/sale of subsidy receivables where option to buy-back rests with the Company

As at 31 March 2013	As at 31 March 2012
7958	2500
25000	20000

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

## 31. Commitments

### a) Capital commitments

(₹ in Lakhs)

Capital expenditure commitments  
Commitment towards investments  
- APGPCL shares purchase (refer note (i) below)  
- Others (refer note (ii) below)

As at 31 March 2013	As at 31 March 2012
4410	18147
11000	—
1308	380

Notes:

- (i) ₹11000 lakhs is in respect of the proposed purchase of equity shares of Andhra Pradesh Gas Power Corporation Ltd. as per the Share Purchase Agreement dated 30 March 2013, entered into with another party.  
(ii) Excludes ₹9047 lakhs in respect of the total Open offer consideration relating to Liberty Phosphate Limited which has been deposited in an escrow account. (also Refer Note 26)

### b) Other commitments

- (i) During the previous and in the current year, the Company issued comfort letters to certain banks who have lent to Sabero Organics Gujarat Limited ("Sabero") a subsidiary, in terms of which the Company has undertaken that it shall not reduce its shareholding in the subsidiary below 51%. In connection with the credit rating for the Commercial Paper programme of Sabero, the Company has issued a similar comfort letter (which also includes the assurance of making funds available, if required, to Sabero to enable it to meet its obligation under the aforesaid programme).  
(ii) Maximum obligation on long term lease of land - ₹174 lakhs (2012: ₹273 lakhs).

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### 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.

#### 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 ₹1602 lakhs (2012: ₹1281 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 by the Company under Capital work-in-progress/fixed assets:

(₹ in Lakhs)

	For the year ended 31 March 2013	For the year ended 31 March 2012
Employee benefits expense	218	355
Finance costs (net)	1469	628
Other expenses	235	264

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

(₹ in Lakhs)

	For the year ended 31 March 2013	For the year ended 31 March 2012
Salaries, wages and bonus	259	244
Contribution to provident fund and other funds	21	20
Consumption of stores and spare parts	22	30
Power and fuel	16	9
Repairs to machinery	2	70
Miscellaneous expenses	71	95
	<b>391</b>	<b>468</b>

### 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 Infrastructure Company Private Limited (PICPL)	Fellow subsidiary
Sadashiva Sugars Limited (SSL)	Fellow subsidiary
Parry Sugar Industries Limited (PSIL)	Fellow subsidiary
Coromandel Getax Phosphates Pte Ltd. (CGPL)	Joint venture
Coromandel SQM India Pvt Limited (CSQM)	Joint venture
Tunisian Indian Fertilisers S.A (TIFERT)	Joint venture
Mr. Kapil Mehan, Managing Director	Key management personnel

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(₹ in Lakhs)

### (B) Transactions during the year:

i)	Sale of finished goods/raw materials/services		
a)	Holding company	34	48
b)	Fellow subsidiary- SSL	248	-
c)	Joint venture - CSQM	119	35
ii)	Rent received		
a)	Fellow subsidiary - PICPL	175	175
iii)	Expenses reimbursed by		
a)	Holding company	22	48
b)	Fellow subsidiary - PSIL	18	21
c)	Fellow subsidiary - PICPL	-	7
d)	Joint venture - CSQM	15	20
e)	Joint venture - TIFERT	9	5
iv)	Purchase of finished goods and services		
a)	Holding company	434	738
a)	Fellow subsidiary - PSIL	49	96
b)	Joint venture - CSQM	1543	100
v)	Expenses reimbursed to		
a)	Holding company	431	231
b)	Fellow subsidiary - SSL	-	*
vi)	Interest received on Inter-corporate deposit/loans given		
a)	Fellow subsidiary - SSL	-	9
b)	Fellow subsidiary - PSIL	-	19
c)	Joint venture - CSQM	-	*
d)	Joint venture - TIFERT	25	-
vii)	Inter-corporate deposit/loans given		
a)	Fellow subsidiary - SSL	-	2000
b)	Fellow subsidiary - PSIL	-	2900
c)	Joint venture - CSQM	-	25
d)	Joint venture - TIFERT	2168	-
viii)	Investment made in equity shares of		
a)	Joint venture - CSQM	-	300
ix)	Dividend Paid		
a)	Holding company	5315	12401
x)	Issue of 9% unsecured redeemable non-convertible fully paid bonus debentures of ₹15 each	26573	-
a)	Holding company		
xi)	Interest expense on 9% unsecured redeemable non-convertible fully paid bonus debentures of ₹15 each	1651	-
a)	Holding company		
xii)	Remuneration to Key management personnel		
a)	Mr. Kapil Mehan	237	229

(₹ in Lakhs)

### (C) Outstanding balances as at the year end

a)	Trade receivables/loans and advances		
-	Fellow subsidiary - SSL	63	108
-	Fellow subsidiary - PSIL	375	44
-	Fellow subsidiary - PICPL	143	6
-	Joint venture - CSQM	-	41
-	Joint venture - TIFERT	2195	-
b)	Trade payables/other liabilities		
-	Holding company	1872	124
-	Joint venture - CSQM	197	-
-	Fellow subsidiary - PICPL	3000	3000
c)	9% Unsecured redeemable non-convertible fully paid bonus debentures of ₹15 each		
-	Holding company	26573	-

Notes:

- \*less than a lakh
- The Company has extended guarantees on behalf of CFL Mauritius Limited and TIFERT. Refer Note 30(a).
- The Company has provided comfort letters to certain banks in respect of Sabero. Refer Note 31(b).



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### 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 certain subsidiaries 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	
	2012-2013	2011-2012*	2012-2013*	2011-2012*
<b>Change in defined benefit obligation (DBO) during the year</b>				
Present value of DBO at the beginning of the year	2915	2501	31	117
Current service cost	285	233	*	1
Interest cost	219	190	1	9
Actuarial loss/(gain)	180	183	(24)	(96)
Benefits paid	(384)	(240)	—	—
<b>Projected benefit obligation at the end of the year</b>	<b>3215</b>	<b>2867</b>	<b>8</b>	<b>31</b>
<b>Amounts recognised in the Consolidated Balance Sheet</b>				
Present value of DBO at the end of the year	3215	2867	8	31
Fair value of plan assets at the end of the year	2910	2610	—	—
<b>Funded status of the plans - (asset)/liability</b>	<b>305</b>	<b>257</b>	<b>8</b>	<b>31</b>
<b>Liability recognised in the Consolidated Balance Sheet</b>	<b>305</b>	<b>257</b>	<b>8</b>	<b>31</b>
<b>Components of employee expense</b>				
Current service cost	285	233	*	1
Interest cost	219	190	1	9
Expected return on plan assets	(221)	(193)	—	—
Net actuarial (gain)/loss recognised in the period	188	149	(24)	(96)
Past service cost	—	—	—	—
<b>Expense recognised in Consolidated Statement of Profit and Loss</b>	<b>471</b>	<b>379</b>	<b>(23)</b>	<b>(86)</b>
<b>Nature and extent of investment details of the plan assets#</b>				
State and Central Securities	2.52%	—	—	—
Bonds	6.17%	—	—	—
Special deposits	0.78%	—	—	—
Insurer managed funds	90.53%	100%	—	—
<b>Actual return on plan assets#</b>	<b>213</b>	<b>226</b>	<b>—</b>	<b>—</b>
<b>Assumptions</b>				
Discount rate	8%	8%	8%	8%
Estimated rate of return on plan assets	8%	8%	—	—
Expected rate of salary increase	5-7%	5-7%	—	—
Attrition rate	5%	5%	1%	1% - 5%

\*Less than a lakh

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

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

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### Experience adjustments:

(₹ in Lakhs)

	2012-2013	2011-2012*	2010-2011*	2009-2010*	2008-2009*
<b>Gratuity plan</b>					
Present value of DOB	3215	2867	2501	2114	713
Fair value of plan assets	2910	2610	2192	1846	715
Funded status [Asset/(liability)]	(305)	(257)	(309)	(268)	2
Experience adjustments loss/(gain)					
- on plan liabilities	180	183	72	267	63
- on plan assets	8	(34)	(87)	(44)	(7)
<b>Superannuation and other pension plans</b>					
Present value of DOB	8	31	117	115	146
Fair value of plan assets	—	—	—	—	—
Funded status [Asset/ (liability)]	(8)	(31)	(117)	(115)	(146)
Experience adjustments loss/(gain)					
- on plan liabilities	(24)	(96)	(9)	(45)	(21)
- on plan assets	—	—	—	—	—

\*information is in respect of the Company

### b. Defined contribution plans

In respect of the defined contribution plans of the Company, an amount of ₹884 lakhs (2012: ₹819 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 as per the prevalent Nutrient Based Subsidy (NBS) Policy announced by Government of India. Such income is included in "Government Subsidies" in the Consolidated Statement of Profit and Loss. The subsidy income for the year includes ₹10884 lakhs (2012: ₹4612 lakhs) relating to earlier years comprising of freight subsidy income consequent to the final notification by the Government and subsidy income on opening inventories as at 1 April 2011 based on the communication issued by the Department of Fertilisers vide letter dated 22 August 2012 with respect to the earlier Office Memorandum dated 11 July 2011.
39. Consequent to the sale of the Government of India Special Bonds during the year ended 31 March 2012 and receipt of losses claimed from the Government of India, the Company accounted for the loss of ₹5275 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 has been reversed and is presented as 'Other operating revenue' (Refer Note 20).
40. During the year ended 31 March 2012, 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 2013, the Company is in the process of identifying potential buyers.
41. During the year, the Company has issued and allotted 28,28,17,658 9% Unsecured Redeemable Non-convertible Fully Paid Bonus Debentures of ₹15 each for every equity share, aggregating ₹42423 lakhs to the shareholders by appropriating the General Reserve through a Scheme of Arrangement (Scheme) approved by Hon'ble High Court of Andhra Pradesh and other relevant authorities. Further, in terms of the accounting treatment set out in the Scheme, dividend distribution tax paid on the aforesaid Debentures aggregating ₹6882 lakhs was also transferred from the General Reserve. The Company has also created a debenture redemption reserve amounting to ₹2553 lakhs as per the requirements of the Act and in accordance with the clarifications given by the Ministry of Corporate Affairs.
42. **Derivative instruments and unhedged foreign currency exposure in respect of the Company and certain subsidiaries**

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

	Currency	Cross currency	Amount in foreign currency (million)	Amount ₹ in lakhs	Buy/Sell
As at 31 March 2013	USD	INR	543.74	295248	Buy
	USD	INR	4.66	2529	Sell
As at 31 March 2012*	USD	INR	431.70	219649	Buy
	USD	INR	2.50	1272	Sell

\*information is in respect of the Company

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

### b. Principal and interest rate swaps outstanding as at the Balance Sheet date in respect of the Company

	Currency	Cross currency	Amount in foreign currency (million)	Amount ₹ in lakhs	Buy/Sell
As at 31 March 2013	USD	INR	80	43440	Buy
As at 31 March 2012	USD	INR	70	35616	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(b)]

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

	Currency	As at 31 March 2013		As at 31 March 2012	
		Foreign currency Amount in million	Amount ₹ in lakhs	Foreign currency Amount in million	Amount ₹ in lakhs
Trade payables	USD	10.13	5503	86.68	44102
	AED	33.98	5022	32.59	4510
	EUR	0.21	147	—	—
	GBP	0.01	11	—	—
	PHP	0.12	1	—	—
Advance to suppliers	SEK	—	—	0.30	22
	EUR	—	—	0.18	116
Trade receivables	USD	12.06	6544	—	—
	EUR	0.09	61	—	—
Borrowings	USD	16.46	8940	9.48	4825
	EUR	1.11	770	—	—

\*information is in respect of the Company

## 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 2013			For the year ended 31 March 2012		
	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	—	15	25191	—	—	23887
Current liabilities	15	885	4207	9	513	3604
Non-current assets	—	377	34650	—	388	35356
Current assets	210	1062	4488	198	583	4034
Income	1	1848	—	2	191	69
Expenditure	7	1768	1652	3	226	196

\*All figures are as per the unaudited financial statements for the year ended 31 December 2012 (Previous year for the year ended 31 December 2011) and information has been furnished to the extent available with the Company.

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### 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 ₹4686 lakhs debit (2012: ₹1969lakhs debit).
- b) As on 31 March 2013, the Company has foreign currency borrowing of US\$ 80 million (2012: US\$ 70 million). The Company has entered into principal and interest rate swaps amounting US\$ 80 million (2012: US\$ 70 million) to hedge the foreign currency and interest rate risks thereon. The Company has marked to market the foreign currency borrowings and the corresponding swap contracts and the net exchange differences arising thereon have been recognised in the Consolidated Statement of Profit and Loss.

### 45. Additional disclosures related to consolidated financial statements:

#### a) List of subsidiaries and joint ventures considered for consolidation:

Name of the Company	Relationship	Country of incorporation	Percentage of voting power as at	
			31 March 2013	31 March 2012
Liberty Phosphate Limited (LPL)	Subsidiary (w.e.f 7 March 2013)	India	53.62	–
Liberty Urvarak Limited (LUL)	Subsidiary (w.e.f 20 March 2013)	India	100	–
Liberty Pesticides and Fertilisers Limited (LPFL)	Subsidiary of LPL	India	100	–
Sabero Organics Gujarat Limited (Sabero)	Subsidiary (w.e.f 17 December 2011)	India	74.87	74.57
Sabero Organics America Ltda (SOAL)	Subsidiary of Sabero	Brazil	99.94	99.94
Sabero Australia Pty Ltd, Australia (Sabero Australia)	Subsidiary of Sabero	Australia	100	100
Sabero Europe BV (Sabero Europe)	Subsidiary of Sabero	Netherlands	100	100
Sabero Argentina S.A. (Sabero Argentina)	Subsidiary of Sabero	Argentina	95	95
Parry Chemicals Limited (PCL)	Subsidiary	India	100	100
Dare Investments Limited (DIL)	Subsidiary of PCL (w.e.f 13 April 2012)	India	100	–
CFL Mauritius Limited (CML)	Subsidiary	Mauritius	100	100
Coromandel Brasil Limitada (CBL), Limited Liability Partnership	Subsidiary	Brazil	100	100
Coromandel Getax Phosphates Pte Ltd., (CGPL)	Joint venture	Singapore	50	50
Coromandel SQM India Private Limited (CSQM)	Joint venture	India	50	50
Tunisian Indian Fertilisers SA. (TIFERT)	Joint venture	Tunisia	15	15

The above excludes Sabero Organics Philippines Asia Inc., an Associate of Sabero for which monies advanced (₹1 lakh) are pending allotment to Sabero and as no operations have commenced it has not been considered for consolidation.

- b) In respect of SOAL, Sabero Australia and Sabero Argentina the financial year is from 1 January 2012 to 31 December 2012 and accordingly audited financial statements are available up to 31 December 2012. These consolidated financial statements have been adjusted by the Management for significant transactions between 1 January and 31 March to align for consolidation purposes.
- c) In respect of CBL, CML and CGPL the financial year is from 1 January 2012 to 31 December 2012 and since the audit is not completed, unaudited financial statement upto 31 December 2012 have been adjusted by the Management for significant transactions between 1 January and 31 March to align for consolidation purposes. Any differences arising based on the audited financial statement will be adjusted in the subsequent year.

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- d) In respect of Sabero Europe the financial year is from 1 June 2012 to 31 May 2013 however audited financial statements for the period 1 April 2012 to 31 March 2013 has been considered for the purpose of preparation of consolidated financial statements.
- e) In respect of consolidation of TIFERT, since the audit has not yet been completed, unaudited financial statements up to 31 December 2012 have been used. Financials for the period 1 January 2013 to 31 March 2013 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.
- f) The effect of acquisition of subsidiaries on the financial position and results as included in the consolidated financial statements is given below:

(₹ in Lakhs)

	For the year ended 31 March 2013	For the year ended 31 March 2012
Liabilities as at date of acquisition:		
Non-current liabilities	1635	6015
Current liabilities	19266	25073
Assets as at date of acquisition:		
Non-current assets	9616	17326
Current assets	33579	21376
Revenue for the period ended	1856	9455
Expenses for the period ended	1746	10830
Profit/(loss) before tax for the period ended	110	(1375)
Profit/(loss) after tax for the period ended	81	(1375)

- g) Goodwill on consolidation:

	For the year ended 31 March 2013	For the year ended 31 March 2012
Opening balance	34702	—
Add: On acquisition of subsidiaries/ additional share in subsidiary	12205	34702
Closing balance	46907	34702

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

### 47. 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 Liberty Phosphate Limited, Liberty Pesticides and Fertilisers Limited, Liberty Urvarak Limited, Sabero Organics Gujarat Limited, Sabero Organics America Ltda, Sabero Australia Pty Ltd, Sabero Europe BV, Sabero Argentina S.A., Parry Chemicals Limited, Dare Investments Limited, CFL Mauritius Limited, Mauritius, Coromandel Brasil Limitada, Brasil (a Limited Liability Partnership), its joint ventures Coromandel Getax Phosphates Pte Limited, Singapore, Coromandel SQM India Private Limited, India; Tunisian Indian Fertilisers.SA (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

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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 is reflected under 'Foreign Currency Translation Reserve'.

### iii. Use of estimates

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

### iv. Tangible fixed assets

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

### v. Depreciation and amortisation

Depreciation is provided on the straight-line method as per the rates prescribed in Schedule XIV to the 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 assets are amortised on the straight-line method over their estimated useful lives ranging from 5-10 years.

### vi. Intangible assets

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

### vii. Impairment

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

## ...Consolidated Notes

### viii. 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.

### ix. 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.

### x. Inventories

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

- a) Stores and spares - Weighted average cost.
- b) Raw material - First-in-First-out basis. Cost includes purchase cost and other attributable expenses.
- c) Finished goods and Work-in-process - Weighted average cost of production which comprises of direct material costs, direct wages and applicable overheads. Excise duty is included in the value of finished goods.
- d) Stock-in-trade - Weighted average cost

### xi. Trade receivables and loans and advances

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

### xii. 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'.

### xiii. Revenue recognition

- a) Sale of goods is recognised when the risk and rewards of ownership are transferred to the customers. Sales include amounts recovered towards excise duty and exclude sales tax/value added tax.
- b) Subsidy is recognised on the basis of the rates notified from time to time by the Government of India in accordance with the Nutrient Based Subsidy (NBS) policy on the quantity of fertilisers sold by the Company for the period for which notification has been issued and for the remaining period, based on estimates.
- c) Dividend income from investments is accounted for in the year in which the right to receive the payment is established.
- d) Income from services rendered is recognised based on the agreements/arrangements with the concerned parties.
- e) Export benefits under DEPB license and excise benefits are accounted for on accrual basis.
- f) Interest income is recognised on a time proportionate method, based on the transactional interest rates.

### xiv. Employee benefits

#### a) Defined contribution plans

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

## ...Consolidated Notes

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.

## xv. Borrowing costs

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

## xvi. Leases

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

The lease rentals 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.

## xvii. Provisions, contingent liabilities and contingent assets

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

## xviii. Taxes on income

- a) Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961/ relevant tax regulations applicable to the Group.
- b) Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset, if there is convincing evidence that the Group will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Group.
- c) Deferred tax is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in subsequent periods, subject to consideration of prudence.

## xix. Earnings per share

The earnings considered for ascertaining the Group's Earnings per Share (EPS) comprises the profit after tax attributable to parent shareholders. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted EPS comprises the weighted average shares considered for deriving basic EPS, and also the weighted average number of equity shares that would be issued on the conversion of all dilutive



## ...Consolidated Notes

potential equity shares. In case of dilutive options, the difference between the number of shares issuable and the number of shares that would be issued at fair value are treated as diluted potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

### xx. Employee stock option

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

For and on behalf of the Board of Directors

  
**KAPIL MEHAN**  
Managing Director

  
**A. VELLAYAN**  
Chairman

  
**S. SANKARASUBRAMANIAN**  
Chief Financial Officer

  
**M.R. RAJARAM**  
Company Secretary

Place: Hyderabad  
Date : 23 April 2013

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

Name of Subsidiary	Parry Chemicals Limited	Dare Investments Limited®	CFL Mauritius Ltd.	Coromandel Brasila Ltda	Sabero stand-alone <sup>^</sup>	Sabero Australia Pty Ltd. <sup>^</sup>	Sabero Organics America S.A. <sup>^</sup>	Sabero Europe B. V. <sup>^</sup>	Sabero Argentina S.A. <sup>^</sup>	Liberty Phosphates Limited®	Liberty Urvarak Limited®	Liberty Pesticides and Fertilisers Limited®
	Year ended 31 March 2013	Year ended 31 March 2013	Year ended 31 Dec 2012	Year ended 31 Dec 2012	Year ended 31 March 2013	Year ended 31 March 2013	Year ended 31 Dec 2012	Year ended 31 May 2012	Year ended 31 Dec 2012	Year ended 31 March 2013	Year ended 31 March 2013	Year ended 31 March 2013
Share capital	1,000	5	7,774	471	3,386	1	944	19	20	1,944	300	75
Reserves and surplus	158	*	9,886	(451)	3,838	(8)	(269)	(19)	(19)	14,922	3,473	144
Total liabilities <sup>\$</sup>	27	*	1,989	49	44,509	15	100	2	5	18,881	2,704	2
Total assets <sup>#</sup>	1,185	5	19,649	69	51,733	8	775	2	6	35,747	6,477	221
Total income (including other income)	87	—	265	63	51,578	—	—	—	*	46,965	9,076	—
Profit/(Loss) before tax	56	*	47	(115)	779	(2)	—	(1)	(7)	4,543	800	*
Provision for tax	20	—	(1)	6	6	—	—	—	—	1,338	263	—
Profit/(Loss) after tax	36	*	48	(121)	773	(2)	—	(1)	(7)	3,205	537	*
Proposed dividend (including dividend tax)	—	—	4,909	—	—	—	—	—	—	554	—	—
Investments (included in Total assets)	—	—	19,521	—	821	—	—	—	—	14	524	—
Currency	Indian Rupee	Indian Rupee	USD	Brazilian Real	Indian Rupee	Australian Dollar	Brazilian Real	Euro	Argentina Peso	Indian Rupee	Indian Rupee	Indian Rupee
Closing exchange rate	—	—	55.00	26.80	—	56.54	26.80	69.33	11.16	—	—	—

<sup>\$</sup> (Non-current liabilities + Current liabilities)

<sup>#</sup> (Non-current assets + Current assets)

<sup>^</sup> had become subsidiary during the year 2011-12

<sup>®</sup> become subsidiary during the year 2012-13

<sup>\*</sup> Less than a lakh

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## COROMANDEL INTERNATIONAL LIMITED

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

### ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL. ONLY MEMBERS OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE MEETING

R.F.NO./CLIENT ID:

D.PID:

NAME AND ADDRESS:

I hereby record my presence at FIFTY FIRST ANNUAL GENERAL MEETING being held on Tuesday, July 23, 2013 at 10.30 A.M. at Hotel Minerva Grand, SD Road, Secunderabad 500003.

NAME OF PROXY IN BLOCK LETTERS

SIGNATURE OF THE MEMBER/PROXY\*

\*Strike out whichever is not applicable



TEAR OFF HERE

## COROMANDEL INTERNATIONAL LIMITED

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

### PROXY FORM

R.F.NO./CLIENT ID:

I/We \_\_\_\_\_ of \_\_\_\_\_

Being a Member/Members of Coromandel International Limited hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_

as my/our Proxy to attend and vote for me/us in the manner indicated below\* on my/our behalf at the FIFTY FIRST ANNUAL GENERAL MEETING of the Company to be held at 10.30 A.M. on Tuesday, July 23, 2013 and at any adjournment thereof.

\* 'For' Item Nos. : \_\_\_\_\_

\* 'Against' Item Nos. \_\_\_\_\_:

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2013

Affix  
Revenue  
stamp

Signature of the Member(s) \_\_\_\_\_

1. In the case of Corporation, this Proxy shall be either given under the Common Seal or signed by an Attorney or Officer of the Corporation.
2. Proxy to be valid must be deposited at the Registered Office of the Company not later than 48 hours before the time for the meeting.
- 3.\* This is only optional. Please fill up the item no's. as appearing in the notice of the AGM. If you leave the item no's. blank, your proxy will be entitled to vote in the manner as he/she thinks appropriate.





[illegible]

[illegible]



## Vision

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

## Mission

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

## Philosophy

"The fundamental principle of economic activity is that no man you transact with will lose; then you shall not."





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Coromandel International Limited, Coromandel House, 1-2-10, Sardar Patel Road, Secunderabad - 500 003, India.  
Tel: +91 40 2784 2034 / 2784 7212, Fax: +91 40 2784 4117, Web: [www.coromandel.biz](http://www.coromandel.biz)

**Mailed by KARVY**

*If undelivered, please return to the Company*