Coromandel
FUTURE POSITIVE

**Coromandel International Limited**
'Coromandel House', 1-2-10, Sardar Patel Road,
Secunderabad - 500 003, Telangana, India.
Tel: 91-40-2784 2034 / 2784 7212 Fax: 91-40-2784 4117
E-mail: mail@coromandel.murugappa.com
CIN: L24120TG1961PLC000892
Website: www.coromandel.biz

July 28, 2017

National Stock Exchange of India Limited
Exchange Plaza, 5th floor
Plot no.C/1, G Block, Bandra-Kurla Complex,
Bandra (E), Mumbai – 400 051

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400 001

Dear Sirs,

**Scrip Code:COROMANDEL/506395**

**Sub: Disclosure under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

With the reference to captioned subject matter, we enclose a soft copy of the Annual Report of the Company, for the financial year 2016-17, circulated to the shareholders of the Company which was approved and adopted at the Annual General Meeting held on July 28, 2017.

Kindly take the same on your record.

Thanking you,

Yours faithfully,
For Coromandel International Limited

P. Varadarajan
Company Secretary

murugappa

murugappa

Coromandel
FUTURE POSITIVE

# PROSPEROUS FARMER, PROGRESSIVE INDIA.



**Coromandel International Limited**
Annual Report 2016-17









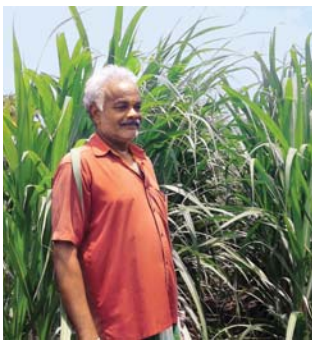












# PROSPEROUS **FARMER,** PROGRESSIVE **INDIA.**

Farmers are the sentinels of food security for the entire nation. Hence, working towards well-being of our farmers is equivalent to strengthening foundation of India's progress. The Green Revolution in India undertaken about half a century ago, focused primarily on raising agricultural output and improving food security. However, the farm income has not grown in proportion to increase in output, creating income disparity between farm and non-farm segments. As per the NSSO estimates, around a fifth of rural households engaged in agriculture as their major occupation earn below the poverty line, putting a serious challenge in achieving sustainable and inclusive growth targets for the nation.

Considering the paramount significance that agriculture holds in an Indian perspective, farmer's wellbeing stands foremost to the nation's advancement. With the introduction of recent reforms aiming to improve farmer's income over the coming years, the growth momentum has started to witness a shift.

We, at Coromandel, aim towards bringing prosperity to a farmer's life by being his 'Partner for Growth'. Our farming solutions, spread across Seed to Harvesting operations, offers sustainable value, bringing yield and quality improvements in a cost effective manner. We directly or indirectly connect close to 2 Crore farmers annually, deepening our relationships with farmers by empowering them with high quality cropping solutions.

To secure nation's progress and improve livelihood opportunities of half a billion masses, Indian agriculture needs to transform. Our efforts at Coromandel are aligned towards bringing these technological advances to farming, and in conjunction with agri reforms and infrastructure development, envision to drive the second wave of green revolution.

**"The hard working farmer is our *Annadaata*. Our schemes and initiatives are aimed towards bringing a qualitative change in the life of the farmer, one that will play a key role in Transforming India"**

- Narendra Modi
*Prime Minister of India*

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**Forward-looking Statements**

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

# FROM THE DESK OF **THE CHAIRMAN**



Dear Shareholders,

The year 2016-17 has been a dynamic one for India, with the economic activities shaped by tax reforms, normal southwest monsoon after two preceding drought years, globally weak commodity prices and demonetization drive. It is heartening to see Agriculture sector returning to higher growth numbers, as policy push and near normal monsoons boosted sowings and consequent consumption. Agriculture, being the mainstay of Indian society, closely drives the fortunes of around half a billion livelihood. As we stand today, the Urban-Rural economic divide, though less distant, is still evident. Government's ambitious target towards doubling the farmer income by 2022 is a positive step forward, and we at Coromandel firmly believe and practice this vision of enhancing prosperity of our farmers. We constantly endeavour and partner towards driving the agrarian shift from subsistence to commercial nature of farming.

On the Policy front, Direct Benefit Transfer (DBT) in fertilisers was introduced on a pilot basis in 16 districts across India, with pan India roll out likely to follow in 2017-18. We welcome this initiative, aimed at promoting balanced nutrition practices and improved subsidy targeting. Though finer details are yet to evolve, we foresee DBT being beneficial in propagating balanced nutrient application as per soil health status of the field. In the longer time horizon, DBT may overcome the distortion between N, P, K usage, which currently is highly lopsided towards nitrogenous fertilisers. Goods & Services Tax (GST), slated to be introduced in early 2017, will bring transparency in operations, benefiting organized players like Coromandel. Further, seamless movement of products and services across the state boundaries, will create a common market for the products. On 'Make in India' front, Phosphatics industry has seen few interventions in terms of getting marketing access to newer geographies for domestic manufacturers over imports, though lot of issues still need to be addressed to make indigenous production attractive. Government's drive towards making India self-sufficient in Urea through revival of defunct units and improving nutrient use efficiency through neem coating has been a positive step forward and the same needs to be replicated in Phosphatics as well. Further, reforms targeting improvement of farm output realization, crop insurance, agri infrastructure development, resource use efficiency and soil health bodes well directionally towards enhancing farmer's real income.

Your Company has been expanding its products and services - our integrated farming solutions, extending from seed to harvesting services, have been adding value to the farmers lives, providing sustainable yield improvement and quality output. During the year, your Company's initiatives primarily spanned around driving the twin objectives of Nutrient Security and Soil Security. Coromandel introduced technologically superior solutions in Phosphatics, Water Soluble Fertilisers and Crop Protection space by partnering with its global alliances, which have received positive response from the farming community. In line with the Government's call for developing Model Retail outlets to improve soil and seed testing facilities for the farmers, Coromandel has transformed its 450 retail outlets as Krishi Suvidha Kendra, providing balanced nutrient recommendations to the growers as per soil and crop needs.

Our Retail Mana Gromor Centers directly connect with around 2.8 million farmers, offering extension services through undertaking integrated nutrient trials, scientist connect and technology interventions. As the younger workforce enters into farming, we are aligning our solutions to drive this enterprising shift away from the conventional means. Farm Mechanization, though still nascent, is seeing traction, as the farmers are realizing the need of improving productivity and managing costs. Your Company is making gentle stride in this direction, partnering with the Government, towards offering cost effective farm mechanization solutions.

On the operational front, Coromandel improved its performance, driven by Crop Protection business and higher agri nutrients uptake on account of normal monsoons. The soft commodity price trend in the international markets reduced overall sourcing costs and your Company on its part, passed on the benefits of a benign raw material environment to the farming community. Coromandel maintained its market share in Phosphatics segment, inspite of weak North East monsoon in Southern India markets affecting consumption during Rabi season. Our unique fertiliser offerings have been doing well, balancing crop and soil needs, and accounts for close to one-third of sales. Specialty nutrients and Organic manure businesses expanded its product offerings, targeting pulses and horticulture segments. During the year, your Company moved closer to the farmers by developing an integrated nutrient structure, ably supported by team of agronomists. Going forward, we expect this shift to significantly contribute towards strengthening our commitment and connect with the farming community.

As Indian agriculture stands at the cross roads, we at Coromandel firmly believe in partnering with the farming community to drive this growth story. We hope that our integrated crop solutions, extension services and close connect with the farmers will help in realizing the inherent potential of Indian agriculture. We are proud to be part of nation's growth story and continue our commitment towards empowering the farming community.

**A. Vellayan**
Chairman

# FROM THE DESK OF **THE MANAGING DIRECTOR**



Dear Shareholders,

Indian agriculture has displayed significant progress over the last few years, wherein our farmers have shown resolute nature and firm resolve to ensure food security for the nation. The food production has kept pace with the rising demand, making the nation self-sufficient to meet its nutrient requirements. We, at Coromandel, salute this unwavering spirit and resilience of the farmers, who have kept India's growth trajectory afloat despite the intermittent challenging periods. Further, there is a considerable upside potential for additional productivity and income gains, as significant scope in improving infrastructure and knowledge capabilities exist.

During the year, the near normal south west monsoon improved sowing activities and food grain output is expected to grow by 8%. Government has taken several initiatives aimed at doubling the farmer's income including Soil Health Cards, National Agriculture Market, Crop Insurance Scheme, Irrigation Projects,Credit access etc., which have shown considerable progress during the year, though the real benefits are likely to be accrued in a medium term horizon. These structural changes lend a positive edge towards ensuring sustainable agriculture solutions in years to follow.

During the year, your Company has made significant strides across key operational parameters inspite of experiencing challenging business environment in its key markets of Andhra, Karnataka and Tamil Nadu - Differentiated business through unique nutrient solutions, smart sourcing, stable currency, capacity augmentation of key molecules, new product introductions and operational efficiencies across manufacturing locations - contributed to the overall realization. In order to improve knowledge levels of farmers about balanced nutrition practices and closely service its customers, your Company established an integrated nutrient marketing structure supported by Agronomist teams in its key markets. With Direct Benefit Transfer (DBT) in Fertilisers likely to be rolled out in 2017-18, we expect to reap the benefits of these investments made towards strengthening customer connect and farm extension services.

In the Phosphatic Fertiliser space, Coromandel continued to bolster its manufacturing flexibility by working with alternate rock and acid combinations to manufacture multiple grades at different plants. Phosphoric Acid availability, a key raw material for manufacturing fertilisers, improved substantially due to enhanced domestic production and smart sourcing. In line with Company's strategy to achieve self-sufficiency in Phosphoric acid production at Vishakhapatnam, your Company underwent public hearing for augmenting its acid manufacturing capacity.On the marketing front, our All India market share improved to 14.5%, mainly driven by the sales of our unique grades, which contributed to 33% of the overall volumes. Our new products, Gromor Max and Zinc embellished DAP Ultra were introduced selectively and have been well received by the farming community. Considering the high industry stocks accumulated due to previous two years of drought, business moderated its sales to align with the consumption cycle and has been able to considerably bring down its channel stocks.

Your Company's Crop Protection Business has performed well during the year, expanding its global reach and crop presence, building manufacturing efficiencies and strengthening its domestic product portfolio. Business broadened its presence in Asia Pacific and Africa markets, supported by performance in domestic formulations and B2B segments. R&D operations have ably backed the business in bringing process improvements and product development capabilities. During the year, Business undertook plant debottlenecking and capacity expansion projects for its key molecule Mancozeb at Sarigam and Dahej in Gujarat and the additional capacities have been brought on stream.

Our Retail Centers continued to offer differentiated farming solutions to the customers along with the value proposition of quality, trust & farm advice. During the year, our Mana Gromor Centers strengthened their farm extension services and operational efficiencies, which resulted in improved business performance. During the demonetization period, our Centers nimbly adapted to the customer needs for non-cash transactions and partnered with the State institutions to create awareness and installed PoS machines across its Centers within a short duration.Currently, our Centers connect with close to 2.8 million farmers, generating significant brand equity and trust and going ahead, your Company plans to expand its presence in new markets.

Specialty Nutrients and Organic businesses have strengthened their product portfolio through introduction of crop based nutrient offerings, in line with its crop based approach. Single Super Phosphate business is beginning to consolidate its position as a quality leader and major initiatives during the year spanned around developing the quality awareness among the users. Further, new product launches and sourcing, distribution and manufacturing efficiencies contributed to the overall business growth.

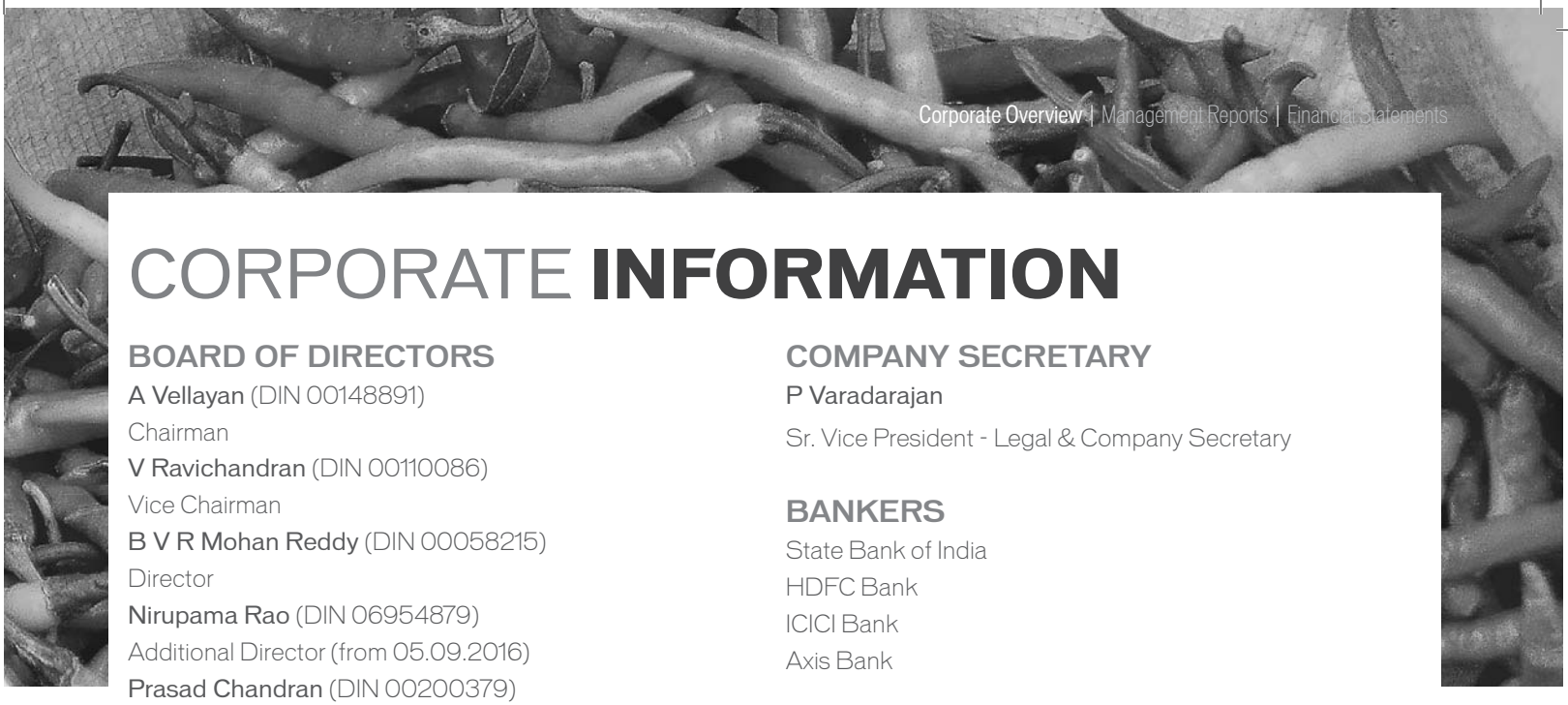
Your Company's continuous focus towards improving operational safety aspects has resulted in keeping Total Recordable Injury Rate well below 1 levels. Further, talent mangement, people development and training initiatives rolled out during the year have resulted in healthy engagement levels across the organization. Coromandel's societal and environmental initiatives demonstrated its firm commitment towards achieving sustainable growth. During the year, your Company received a rare recognition from UNDP for its efforts in developing bird sanctuary ecosystem at its Kakinada manufacturing site, which currently homes around 264 bird species. Our societal initiatives spanned in the areas of Education, Health and Community Development, targeting inclusive growth and social capital improvement. Girl Child Education Scheme, which offers economic assistance to girl students, expanded its coverage and provided educational opportunities in the rural areas.

With expectation of normal, well distributed monsoons and relatively lower channel inventories in the system, the business outlook seems positive for a prosperous year ahead. Further, likelihood of introduction of DBT and GST reforms in 2017-18 lends dynamism, going forward. At Coromandel, we have aligned our processes to meet these changing scenarios and hope to partner with our stakeholders to enable a swift transition. It is our endeavour to fulfil our farmers' expectations and I am confident that our agri solutions will continue to touch farmer's hearts and add to his well being.

Lastly, I wish to thank the shareholders for showing their undeterred support, business associates for allying through our journey and employees for being Company's growth engine. Our partnership with the farming community remains strong and I hope that we make a quantum difference in the farmers' lives by adding prosperity and building a progressive India.

Sameer Goel

**Sameer Goel**
Managing Director



# CORPORATE **INFORMATION**

## BOARD OF DIRECTORS

**A Vellayan** (DIN 00148891)
Chairman
**V Ravichandran** (DIN 00110086)
Vice Chairman
**B V R Mohan Reddy** (DIN 00058215)
Director
**Nirupama Rao** (DIN 06954879)
Additional Director (from 05.09.2016)
**Prasad Chandran** (DIN 00200379)
Director
**Ranjana Kumar** (DIN 02930881)
Director (Upto 22.07. 2016)
**Sumit Bose** (DIN 03340616)
Director
**M M Venkatachalam** (DIN 00152619)
Director
**Sameer Goel** (DIN 07298938)
Managing Director

## MANAGEMENT TEAM

G Veerabhadram
President - Crop Protection
Amir Alvi
Executive Vice President & Head Manufacturing (Fertilisers)
Arun Leslie George
Executive Vice President & Head – Business (SSP)
P Gopalakrishna
Executive Vice President- Spl. Nutrients & Business Development
S Govindarajan
Executive Vice President & Head of Commercial
Kalidas Pramanik
Executive Vice President – Marketing(Fertilisers & Organic)
Prasannatha Rao
Executive Vice President & Head-HR
Ripu Daman Singh
Executive Vice President & Head – Retail
S Sankarasubramanian
Executive Vice President & Chief Financial Officer
S Srikanthan
Chief Operating Officer - Crop Protection

## COMPANY SECRETARY

P Varadarajan
Sr. Vice President - Legal & Company Secretary

## BANKERS

State Bank of India
HDFC Bank
ICICI Bank
Axis Bank

## AUDITORS

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

## COST AUDITORS

V Kalyanaraman
Jyothi Satish

## REGISTRARS & SHARE TRANSFER AGENTS

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad – 500 032

## REGISTERED OFFICE

"Coromandel House"
1-2-10, Sardar Patel Road, Secunderabad - 500 003
CIN No. : L24120TG1961PLC000892
Tel. : +91 40 2784 2034
E-mail:mail@coromandel.murugappa.com
Website : www.coromandel.biz

# BOARD OF **DIRECTORS**



## A. Vellayan
Chairman

Aged 64 years, he holds a Diploma in Industrial Administration from Aston University, Birmingham, UK, and Masters in Business Studies from the University of Warwick, Business School, UK. He is also the Executive Chairman of the Murugappa Group. He was a Director on the Board of Governors, Doon School, Dehra Dun. In the past, he has held the position of Vice President, Federation of Indian Export Organisation (FIECO) and member of National Export Committee - Confederation of Indian Industry (CII). He was the Managing Director of Tube Investments of India Limited and TI Diamond Chain Limited. He is presently the Chairman of Coromandel International Limited and EID Parry (India) Limited. He has got work experience of more than three decades.

## V. Ravichandran
Vice Chairman

Aged 61 years, he is an Engineering Graduate and holds a Post Graduate Diploma in Management from IIM, Ahmedabad. He is also a Cost Accountant and a Company Secretary. After having served Ashok Leyland Limited initially for a short period, he joined the Murugappa Group and worked in the Parry Group of Companies mainly in the fields of Finance and Marketing. He was the Whole Time Director / Managing Director of Coromandel International Limited during 2004-10. Currently, he is Lead Director (Fertilisers & Sugars) on the Murugappa Corporate Board.





## B.V.R. Mohan Reddy
Non-Executive & Independent Director

Aged 66 years, he holds a degree in Mechanical Engineering from the College of Engineering, Kakinada, and postgraduate degrees from IIT, Kanpur, and University of Michigan, Ann Arbor, U.S.A. He was the Chairman of NASSCOM during 2015-16. He has served as Chairman of CII, Southern Region. He is the Chairman of the Board of Governors of IIT Hyderabad and is a proud recipient of an Honorary Doctorate from JNTU Hyderabad; Distinguished Alumnus Award from IIT Kanpur and ASME (American Society of Mechanical Engineers) CIE Leadership Award for outstanding leadership in advancing the use of computers in Information Engineering. He is the Founder and Executive Chairman of Cyient Limited. He is also on the Boards of Vizag IT Park Limited and Infotech HAL Limited. Hyderabad Management Association has awarded him with the "Life Time Achievement Award" in the year 2015.

## Prasad Chandran
Non-Executive & Independent Director

Aged 65 years, he has graduated in Chemistry from Bombay University and done his MBA from University Business School, Chandigarh. He pursued advanced management education in Wharton Business School, University of Pennsylvania, and AOTS from Tokyo University, Japan. He has opted to superannuate after thirty seven years of corporate life, of which the last 13 years was as Chairman & Managing Director of BASF India Limited. He is an Independent Director on the Board of Bosch India Limited and HDFC Standard Life Insurance Company Limited.





## Nirupama Rao

Additional Director - Non-Executive & Independent

Aged 65 years, she is a graduate in English Literature, Fellow of the Harvard University (1992-93), Fellow of the Brown University and a recipient of the degree of Doctor of Letters (Honoris Causa) from the Pondicherry University. A career diplomat from the Indian Foreign Service from 1973 to 2011, she has served the Government in several important positions including that of the Foreign Secretary of India. She has represented India in several countries during her distinguished career and was the first Indian woman to be appointed High Commissioner to Sri Lanka and Ambassador to China. She was also the first woman spokesperson of the Ministry of External Affairs. After her retirement, she was appointed Ambassador of India to the United States for a tenure of two years from September 2011 to November 2013. She is also on the Boards of ITC Limited, KEC International Limited, Network18 Media & Investments Limited and TV18 Broadcast Limited.

## M M Venkatachalam

Non-Executive Director

Aged 58 years, he graduated from the University of Agricultural Sciences in Bangalore and holds a Masters Degree in Business Administration from George Washington University, USA. He has held senior positions in the Murugappa Group of Companies spanning over a period of two and a half decades. He is presently the Chairman of Coromandel Engineering Company Limited and Parry Agro Industries Limited. He also serves on the Boards of Ramco Cements Limited and Ramco Systems Limited.





## Sumit Bose

Non-Executive & Independent Director

Aged 63 years, he holds a Master degree in Social Policy and Planning from London School of Economics and is a Master of Arts from St. Stephen's College, Delhi. Sumit Bose has joined Indian Administrative Service in 1976. He has served with various Governmental departments of India. He was the Union Finance Secretary (as Secretary, Department of Revenue). He had also served as Secretary (Expenditure) and Secretary (Disinvestment) as well as Secretary in the Thirteenth Finance Commission, consecutively in the Ministry of Finance, GOI since August 2007 till superannuation. He was member of the core group for the Union Budget from 2010 to 2015. He served the Government of Madhya Pradesh as Principal Secretary (Finance) during which tenure various reforms including fiscal responsibility legislation, outcome budgeting, extensive use of the PPP mechanism, contributory pension scheme was introduced in MP. He had also done an early stint in the Department of Economic Affairs, MOF, GOI as Deputy Secretary in the Fund Bank Division. He is also on the Boards of HDFC Standard Life Insurance Co. Ltd., TATA AIG General Insurance Co. Ltd., ONGC Limited and BSE Limited.

## Sameer Goel

Managing Director

Aged 54 years, he holds a Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad, and Bachelor's degree in Economics from St. Stephens College, New Delhi. He started his career in 1987 with GlaxoSmithKline Consumer Healthcare (GSK) as Area Sales Manager. In his career with GSK, spanning more than 25 years, he has held various roles in India, UK, UAE, Nigeria and South Africa and was Vice President for Africa when he moved from GSK. Prior to joining Coromandel, he was with Cipla Limited as Country Head - India. He has extensive experience in managing businesses, driving sales across multiple geographies and building B2C businesses. Sameer Goel had served on the Advisory Board of Lagos Business School; he was a Member of Africa Economist Forum and a Member of the Commercial Directors Forum in India.



# FINANCIAL **HIGHLIGHTS**

TEN YEARS' RECORD (STANDALONE)

₹ in Crore

| | Year Ended 31st March | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2017** | **2016** | **2015** | **2014** | **2013** | **2012** | **2011** | **2010** | **2009** | **2008** |
| Gross revenue | 10,239 | 11,690 | 11,341 | 9,442 | 8,627 | 9,940 | 7,719 | 6,527 | 9,668 | 3,800 |
| EBITDA | 1,036 | 856 | 905 | 787 | 802 | 1,142 | 1,136 | 843 | 949 | 455 |
| Depreciation and amortisation expense | 100 | 106 | 103 | 82 | 59 | 56 | 62 | 59 | 56 | 52 |
| Finance costs | 224 | 221 | 209 | 211 | 177 | 117 | 86 | 75 | 85 | 70 |
| Profit before tax | 712 | 529 | 592 | 494 | 566 | 970 | 988 | 708 | 808 | 333 |
| Profit after tax | 477 | 358 | 403 | 345 | 444 | 693 | 694 | 468 | 496 | 210 |
| Net fixed assets | 1,346 | 1,357 | 1,412 | 1,238 | 1,170 | 940 | 814 | 817 | 792 | 735 |
| Networth | 2,812 | 2,503 | 2,165 | 2,233 | 2,176 | 2,371 | 1,904 | 1,435 | 1,127 | 794 |
| Borrowings | 2,231 | 2,677 | 2,282 | 1,518 | 2,270 | 2,464 | 1,370 | 1,918 | 1,720 | 1,043 |
| Deferred tax liabilities (net) | 149 | 166 | 187 | 187 | 180 | 67 | 81 | 85 | 79 | 82 |
| Total capital employed | 5,192 | 5,346 | 4,634 | 3,938 | 4,626 | 4,903 | 3,355 | 3,438 | 2,927 | 1,920 |
| Earnings per share (₹)* | 16.35 | 12.29 | 13.85 | 12.05 | 15.70 | 24.57 | 24.69 | 16.72 | 17.74 | 7.50 |
| Dividend on equity (%) | 500 | 400 | 450 | 450 | 450 | 700 | 700 | 500 | 500 | 175 |
| Book value per share (₹)* | 96.41 | 85.91 | 74.30 | 78.86 | 76.90 | 83.92 | 67.56 | 51.16 | 40.28 | 28.39 |

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

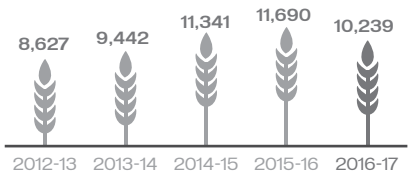
Notes:

1. Financials upto 2009-10 are presented as per Old Schedule VI
2. Financials from 2010-11 and till 2014-15 are presented as per Revised Schedule VI
3. Financials from 2015-16 onwards are presented as per Indian Accounting Standards (Ind AS)
4. Financials for 2014-15 include erstwhile Sabero Organics Gujarat Limited which merged with Coromandel effective 1 April 2014
5. Financials from 2013-14 include erstwhile Liberty Phosphate Limited and erstwhile Liberty Urvarak Limited which merged with Coromandel effective 1 April 2013
6. Financials from 2007-08 include erstwhile Godavari Fertilisers and Chemicals Limited which merged with Coromandel effective 1 April 2007



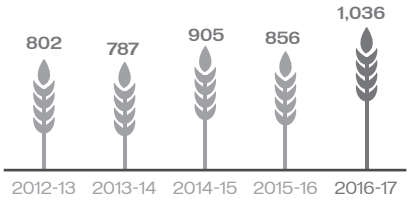
## REVENUE

₹ in Crore



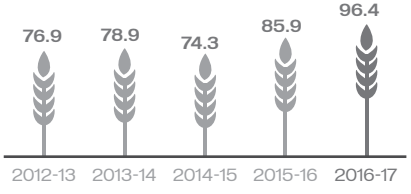

## EBITDA

₹ in Crore



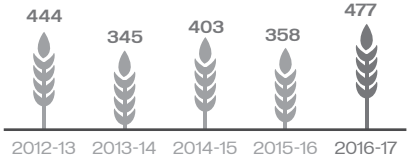

## BOOK VALUE PER SHARE

₹



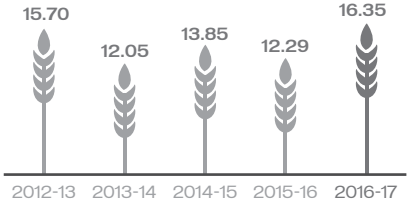

## PROFIT AFTER TAX

₹ in Crore

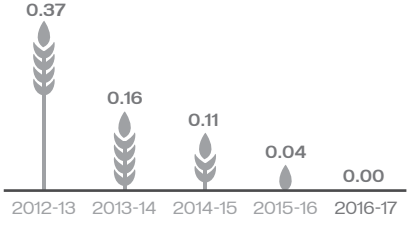



## EARNINGS PER SHARE

₹




## LONG TERM DEBT/ EQUITY RATIO








# DRIVING **DIGITIZATION.** EMPOWERING **FARMERS.**

Government's bold measure aimed at reforming the economy through demonetizing higher denomination notes has been a welcome step. However, the suddenness of the announcement and the sheer scale of the cash based economy made the rapid implementation of this initiative a challenge.

As a customer facing organization operating in rural India, Coromandel was conscious of the potential hardship that this transition would cause to its stakeholders. Further, with impending Rabi season on the horizon and cash based nature of the sales made through the Mana Gromor Centers, the challenge to service the farmers at appropriate period was humongous.



**100%**
**DIGITAL MIGRATION IN ALL MANA GROMOR CENTERS -PARTNERING WITH SBI**

## Combating demonetization through digitization

To address the situation, Coromandel took a series of measures which helped in establishing sustainable solutions for all the farmers and other stakeholders during this transition period.

- With prompt support from State Bank of India, Mana Gromor Centers installed Debit Card Swiping machines at all its 800 stores in Andhra Pradesh, Telangana and Karnataka within a short period. This facilitated agri inputs offtake by the farmers using their Debit or RuPay cards
- Partnered with the Government officials to create awareness among the farming community towards promoting cash less transactions and educating farmers on alternate medium of payment
- Facilitated the farmers in opening new bank accounts, getting Debit Cards and Cheque books.
- Extended credit facility to farmers for purchase of Agri inputs through tie ups with banks/ NBFCs

During demonetization period, the non-cash sales accounted for nearly 60% of the store sales (from 0% before), signifying a technological shift and resilient nature of the Indian farmers.





# HEALING **SOILS.** ENRICHING **HEALTH.**

In order to meet the Food Security needs of the nation, soil and their continuing ability to sustain intensive farming will have to play a central and critical role. However, as per the Indian Institute of Soil Science estimates, about 90 mil hectare land in India is affected by various soil related deficiencies.

To address the soil health issue, Coromandel has conducted more than 45,000 soil tests in 2016-17 to measure the Primary, Secondary, Micro Nutrients and Organic carbon status of the Indian soil. Coromandel's Mana Gromor Centers are equipped with a soil testing laboratory to directly advice the farmer on his soil health condition and suggest nutrient recommendations for optimum yield.

Apart from Soil test based recommendations, Mana Gromor stores are equipped with soil maps pertaining to more than 25,000 villages. Based on soil maps and crop wise nutrient recommendations, over 2 Lakh customers were advised on crop nutrition schedules during the year.



**45,000**
**SOIL TEST CONDUCTED IN 2016-17**

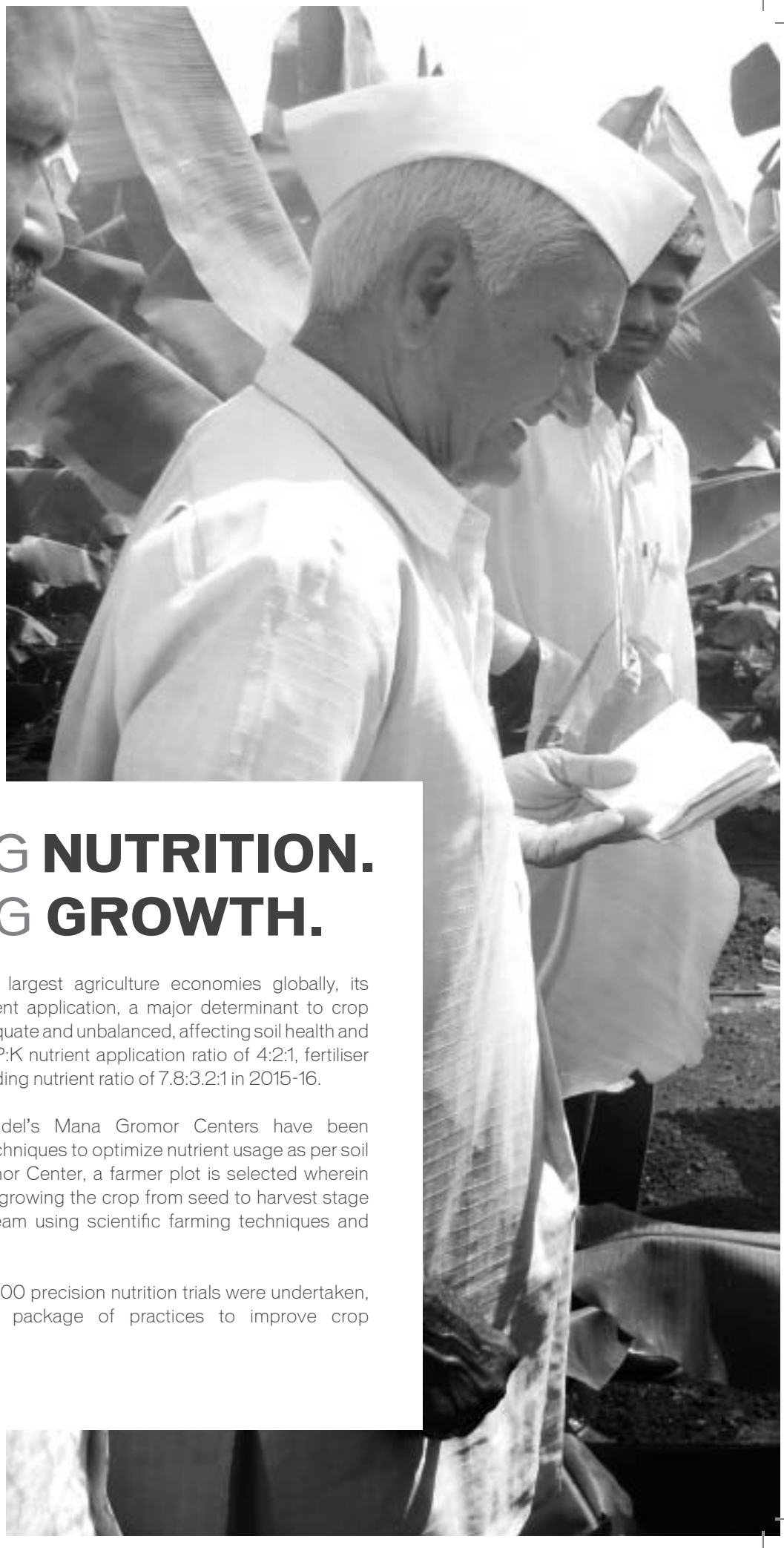
## Educating and restoring soil health

Coromandel has made pioneering efforts since 2009 in the area of soil health enrichment by marketing various composts like City compost, pressmud compost, etc., which are rich sources of organic carbon. During the year, Coromandel marketed 1.3 Lakh tons of Organic manure, in line with Government's vision to rejuvenate soil health.

As part of Government of India's initiative to promote usage of organic manure 'City Compost' for enriching soils, Coromandel adopted ten villages in the States of Maharashtra, Telangana and West Bengal. Under this campaign, Coromandel conducted soil testing of the farmer fields to ascertain organic carbon health. It was followed by crop seminars and scientist visits to growers' fields to educate best practices in balanced nutrition through adoption of organic manure.

The initiative has been well received by the farming community and led to improved awareness and usage of organic manure in the villages.





**1,200**
**PRECISION NUTRITION TRIALS IN 2016-17**

# BALANCING **NUTRITION.** NURTURING **GROWTH.**

Though India ranks amongst the largest agriculture economies globally, its crop yields remain marginal. Nutrient application, a major determinant to crop productivity, has been grossly inadequate and unbalanced, affecting soil health and output quality. Against the ideal N:P:K nutrient application ratio of 4:2:1, fertiliser usage is divergent towards N, recording nutrient ratio of 7.8:3.2:1 in 2015-16.

To address the issue, Coromandel's Mana Gromor Centers have been demonstrating precision farming techniques to optimize nutrient usage as per soil and crop needs. Under each Gromor Center, a farmer plot is selected wherein the entire package of practices for growing the crop from seed to harvest stage is demonstrated by the Gromor team using scientific farming techniques and customized recommendations.

During the year 2016-17, around 1,200 precision nutrition trials were undertaken, adopting scientifically developed package of practices to improve crop productivity.



## Yielding a good harvest

Ravi Venkateshwara Rao is a proud farmer of Mori Padamatapalem village in East Godavari, Andhra Pradesh and cultivates paddy in his six acre land.

As part of promoting balanced nutrition concept to the farming community, Mana Gromor Center team visited his village and explained about the Gromor Precision Farming Demonstration and the importance of Integrated Nutrient Management towards enhancing the crop yield. A crop trial was undertaken adjacent to a control plot in his field to demonstrate the effectiveness of precision farming practices. Based on his soil health condition and farming practices, Mana Gromor team chalked out a customized nutrition schedule, aligning with the stage specific nutrient requirement of the crop. In the control plot, Mr. Rao continued to apply fertilisers as per his traditional practices.

It was observed that the precision demo plot showed considerable improvement in crop health, root length, number of tillers, number of grains per panicle and yield quality parameters.

Overall, the cost of cultivation was brought down by 6% and crop yield improved by around 15% by practicing balanced fertiliser application.



# MORE CROP.
# **PER DROP.**

With around 55% of the farms being rainfed in nature, Indian agriculture is still inextricably dependent on monsoons.

To maximize judicious usage of water resources along with providing high nutrient use efficiency, Coromandel has been pioneering efficient fertilization practices among the farmers through water soluble fertiliser application since 2005. The fertigation and foliar application not only conserves water usage, but also improves nutrient uptake by plants upto 90% from conventional levels of 40%-50%.

In 2009, Coromandel partnered with global water soluble fertiliser major SQM for addressing the plant nutrient needs through efficient water soluble fertiliser application customized to crop, soil and stage specific requirements.

Presently, Coromandel ranks amongst the market leaders in the segment, offering range of unique solutions, enhancing crop productivity and output quality. During the year, Coromandel introduced customized solutions targeting the nutrient needs of Pulses and Potato crops, which has been well accepted by the farming community.



**90%**
**NUTRIENT UPTAKE EFFICIENCY FOR WSF**

## Knowing the *pulse* of productivity

Though India accounts for one third of the total world area under pulses and over 20% of world production, it remains a net importer of the commodity. Productivity level of pulses remains precariously low due to rainfed nature of cultivation and adoption of imbalanced nutrition practices.

To address this issue of falling pulse productivity, Coromandel developed crop specific water soluble nutrient solutions, combining nine primary, secondary and micro nutrients. The stage specific nutrient targeting flowering, fruiting and grain filling stages of the crop cycle was systematically introduced through awareness campaigns on Nutrition Management in Jabalpur, Narsinghpur and Katni districts in Madhya Pradesh.

The initiative was expanded to 120 villages, bringing around 20,000 acres of pulses acreage covering 1,500 farmers under the stage specific nutrient approach. Systematic campaigns involving field demonstration, scientist visits and extension services were offered to the farmers. The initiative has resulted in crop yields improving between 10%-15%, bringing prosperity and smiles to our farming community.



# FERTILISER FOR **THE FUTURE**

Sulphur (S), a secondary plant nutrient, is involved in amino acid and protein synthesis, enzymatic and metabolic activities in plants. However, due to its inadequate application, its deficiency is fast emerging due to higher removal of 'S' by crops. As per Indian Institute of Soil Science estimates, around 41% of the Indian soils are deficit in Sulphur content leading to stunted plant growth and subsequent lower yields.

To address the issue, Coromandel has developed an innovative nutrient solution 'Gromor Max' with technology support from Shell™, which can provide Nitrogen, Phosphorus and Sulphur nutrition through a single source. The unique chemistry of Gromor Max promotes uniform nutrient distribution, increased nutrient uptake and long lasting Sulphur in the soils. Sulphur Enhanced Fertiliser (SEF) contains both sulphate and elemental forms of sulphur thereby offering the twin benefits of quick response and long lasting availability.

### Gromor Max's success story

V. Ramanarayana Reddy, village Chennareddy Palli, Nellore district, Andhra Pradesh, cultivates Paddy in his 11 acre field. Recognizing the deficiency of Sulphur (S) nutrient in his fields, Coromandel team recommended application of its Sulphur enhanced fertiliser 'Gromor Max', wherein 'S' is available in elemental and sulphate form. The sulphate form of Sulphur is highly soluble and is taken up immediately by the crop. Elemental form of Sulphur is oxidized to sulphate by soil bacteria before becoming available to plants and is therefore available slowly to the crop. The oxidation rate matches to meet plant 'S' demand by optimizing the size of the elemental S micro-particles in the fertilisers, thereby making it available throughout the crop growth.

The structural trials conducted in his field resulted in growth in number of plants and tillers. Overall, Mr. Reddy's cost of cultivation was brought down by 8% and yield improved by 11%, thereby adding to his profitability.





**PRESENTLY, COROMANDEL'S UNIQUE NUTRIENT SOLUTIONS CONSTITUTE ONE-THIRD OF ITS SALES, DRIVING BALANCED FERTILIZATION PRACTICES AS PER SOIL AND CROP NEEDS.**

**41%**
**INDIAN SOILS DEFICIENT WITH SULPHUR**



# MECHANIZING **GROWTH**

As the nation grows, it becomes essential to increase crop production to meet the nutrient requirements of the burgeoning population. However, two prime impediments with respect to productivity in the foreseeable future are the marginal nature of Indian farms and shortage of agriculture labour. To address this, Farm Mechanization services are slowly gaining prominence and ample evidence suggests its direct linkage with yield improvements. As per FICCI estimates, proper equipment can increase the productivity by up to 30% and reduce the cost by about 20%.

However, being capital intensive in nature, penetration of agri machinery remains low in India. Realizing this, Coromandel initiated its Farm Mechanization Services (FMS) in 2009 offering paddy transplanting services through its Mana Gromor Retail Centers. Further, Coromandel has partnered with the Andhra Pradesh Government to open 34 Custom Hiring Service Centers (CHSC) for establishing farm machinery banks for providing end to end mechanization services. CHSC offers farm equipment to farmers who cannot afford to purchase high end agricultural machineries and equipment. The CHSCs play a pivotal role in introducing high technology agricultural machinery to even small farmers with the objective to boost crop production, improve quality, timeliness and efficiency of agriculture operations.





## Augementing productivity through mechanization

Nalla Reddy Anil Reddy from Kalluru village Nellore district in Andhra Pradesh holds 25 acres of agricultural land under paddy. The traditional methods of cultivation and high demand for agriculture labour were leading to productivity stagnation in his fields. Coromandel team approached him and explained the advantage of mechanization in terms of convenience, yield improvement and savings on labour cost and agri inputs. 'Quality, On time, In Full' services were extended along with agronomy services by the Mana Gromor team during the entire crop season.

Overall, the yield moved up by 11%, bringing an additional income of ₹ 6,000/acre.

# THE WORLD OF **COROMANDEL**

A flagship company of ₹ 300 billion Murugappa Group, Coromandel International Limited ranks amongst India's largest integrated agri solutions provider, with presence across plant nutrition, crop protection, agri retailing and extension services segments.

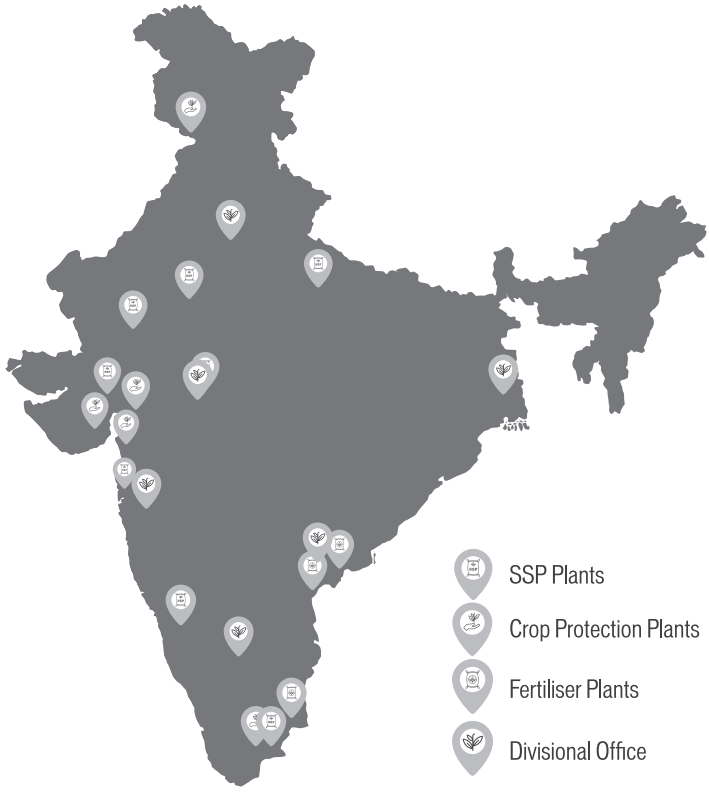
Coromandel has been the pioneer in introducing plant nutrient solutions in India, when its parent company EID Parry started operating its first Single Super Phosphate plant at Ranipet in 1906. Over the years, Company has expanded its manufacturing capacity to nearly 4.5 million tons, providing unique crop solutions and servicing around 2 Crore farmers, both domestically and internationally. In addition, Coromandel directly connects with the farmers through its 800 Mana Gromor Centers present across the states of Andhra Pradesh, Telangana and Karnataka. During the year, Company integrated its nutritional marketing teams and strengthened agronomic support to offer integrated nutrient management solutions to the farming community.

### COROMANDEL'S PRESENCE

LARGEST RURAL RETAIL CHAIN ACROSS INDIA

INDIA'S LARGEST PRIVATE SECTOR PHOSPHATIC FERTILISER COMPANY

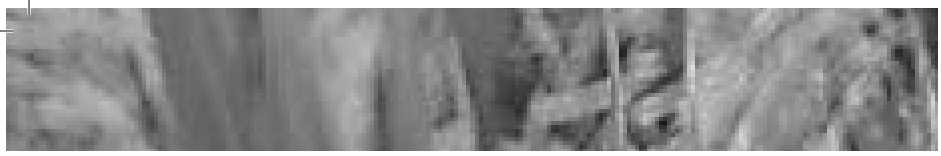
PIONEERS & MARKET LEADERS IN SPECIALTY NUTRIENTS




2ND LARGEST SINGLE SUPER PHOSPHATE (SSP) COMPANY IN INDIA

No. 1 ORGANIC MANURE PLAYER IN INDIA

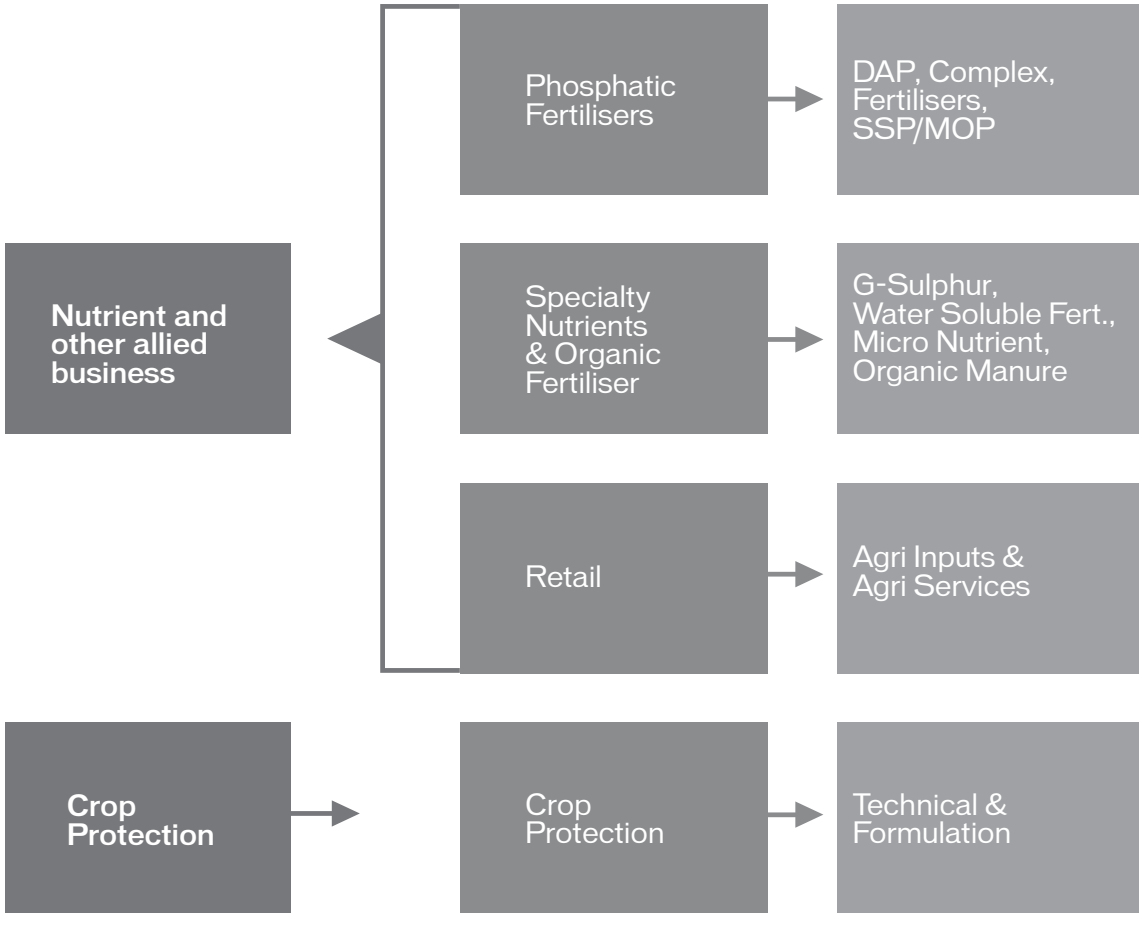
5TH LARGEST AG CHEM INDIAN COMPANY



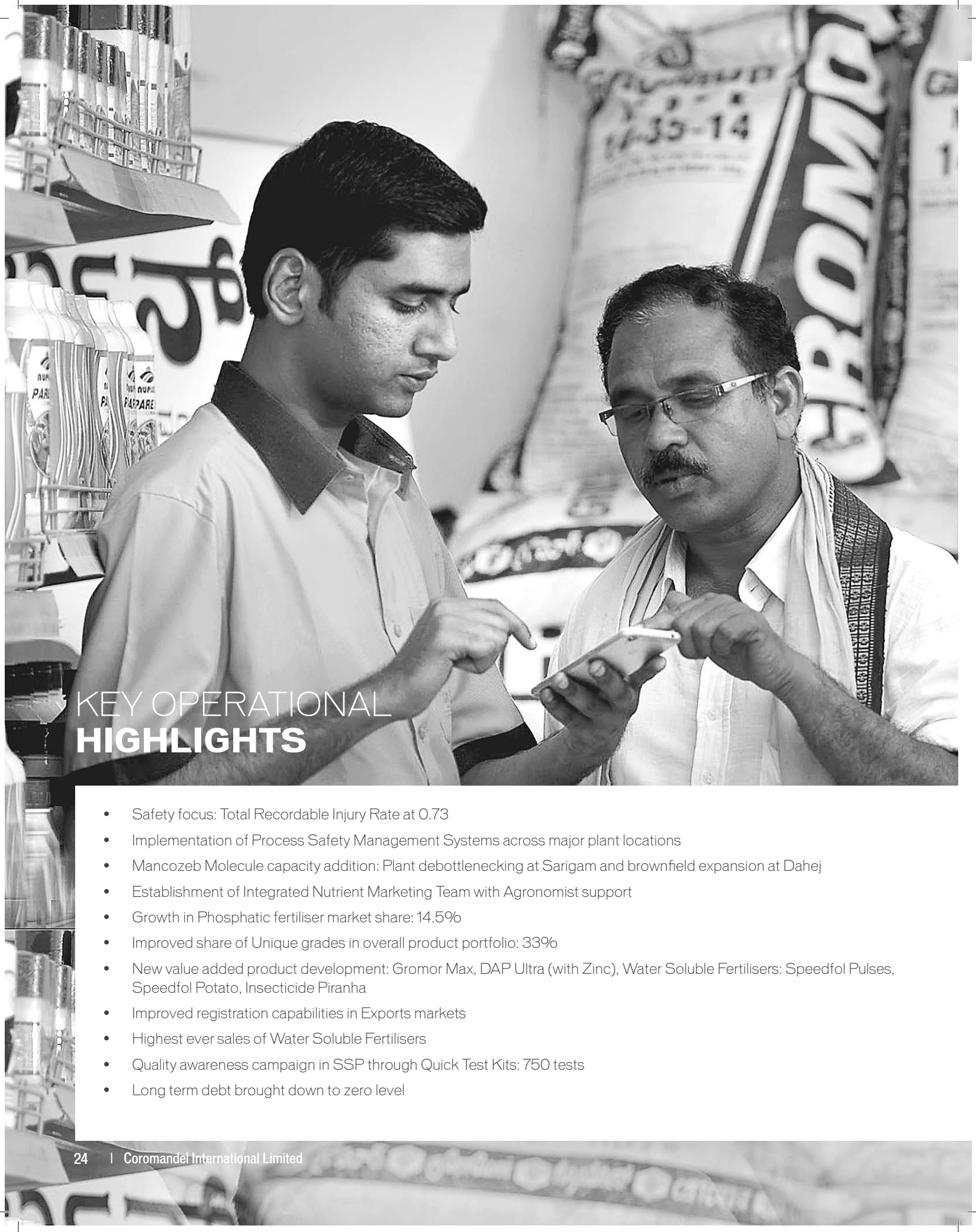


## BUSINESS STRUCTURE

Coromandel operates through two major segments: Nutrient and other allied businesses and Crop Protection, offering agriculture solutions across the farmer's value chain. Over the last decade, Coromandel has made a strategic shift towards improving its presence in non-subsidy businesses and presently the segment contributes to 38% of annual EBITDA, up from 23% in 2008-09. Its Crop Protection business offers market diversification opportunities, operating in 81 international geographies through its 700+ registrations. In addition, Company has expanded its presence by venturing into Specialty Nutrients, Organic Manure, Retail and Farm Mechanization businesses and presently ranks amongst the market leaders in these segments. Coromandel's 800 Mana Gromor stores, spread across 3 States with a total retail space of 7 Lakhs sq ft, have been established as a leading rural retail chain in India offering customer value proposition of Quality, Trust and Farm Advice.






# KEY OPERATIONAL **HIGHLIGHTS**

- Safety focus: Total Recordable Injury Rate at 0.73
- Implementation of Process Safety Management Systems across major plant locations
- Mancozeb Molecule capacity addition: Plant debottlenecking at Sarigam and brownfield expansion at Dahej
- Establishment of Integrated Nutrient Marketing Team with Agronomist support
- Growth in Phosphatic fertiliser market share: 14.5%
- Improved share of Unique grades in overall product portfolio: 33%
- New value added product development: Gromor Max, DAP Ultra (with Zinc), Water Soluble Fertilisers: Speedfol Pulses, Speedfol Potato, Insecticide Piranha
- Improved registration capabilities in Exports markets
- Highest ever sales of Water Soluble Fertilisers
- Quality awareness campaign in SSP through Quick Test Kits: 750 tests
- Long term debt brought down to zero level

# MAJOR **RECOGNITIONS**










- 'Best Management Award' from Labour department, Andhra Pradesh Government for Vizag and Kakinada Plants
- 'Best operating Phosphoric acid plant' to Vizag plant by Fertiliser Association of India for the year 2015-16
- 'Sustainable Waste & Resource Management' award during India Sustainability Leadership Summit 2016
- 'CII Energy Efficient Unit Award 2016' conferred for 3rd consecutive year to Vizag Unit
- Plaque for 'ICAI Awards for Excellence in Financial Reporting' for the year 2015-16 from Institute of Chartered Accountants of India (ICAI)
- Recognition by United Nations Development Programme (UNDP): Documentary film, 'Turning a factory into Bird Sanctuary' covering Kakinada plant shot with the help of EGREE and put on UNDP website
- 'Community Development Award' by World CSR Day

# SOCIETY & **ENVIRONMENT**

Coromandel's triple bottom line commitment drives its efforts towards generating sustainable solutions across economic, social and environment horizons. Our societal initiatives have centered around Education, Health, Community Development and Research and Development areas.

## EDUCATION

The organisation has been supplementing the efforts of Government in ensuring quality education through various community initiatives. These efforts intend at imparting quality education with broader vision building and reducing rate of drop out.

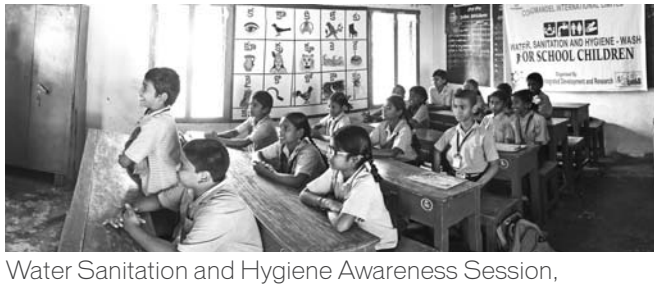
During the year, Coromandel Girl Child Education Scheme for economic assistance to IX & X standard students was extended to 2,120 girls in 857 schools. In its effort towards improving quality of educational infrastructure, Coromandel extended provision of toilets and drinking water facilities in 39 government schools.




Coromandel Girl Child Education Scheme



Balavidyalaya School, Chennai




Water Sanitation and Hygiene Awareness Session, Kakinada, Andhra Pradesh



Volunteer session in progress in Udbhav School, Hyderabad



Medical Camp for school children in Mahabubnagar, Telangana

## HEALTH

Coromandel's healthcare initiative aims at improving the quality of life of the community on a sustainable basis. A major thrust of Coromandel's CSR initiatives lies in enhancing community health. During the year, in addition to its present medical facilities at Vizag, Kakinada and Ennore, we have expanded coverage of Coromandel Medical Centre and Mobile van facilities to Sarigam and Ankleshwar in Gujarat. During the year, Coromandel catered to the medical needs of nearly 11,000 community members, promoting practice of preventive healthcare.



Government General Hospital, Kakinada, Andhra Pradesh



Mobile Medical Van in Sarigam,Gujarat tendering care to 12 villages




Coromandel Medical Centre, Kakinada, Andhra Pradesh



Inauguration of Nava Diva Medical Centre in Ankleshwar, Gujarat



Coromandel Pediatric Ward in Government General Hospital in Kakinada, Andhra Pradesh

# SOCIETY & **ENVIRONMENT**

## COMMUNITY DEVELOPMENT

Coromandel envisions making a positive contribution to the underprivileged communities by supporting a wide range of socio-economic, educational and health initiatives. Towards this, Coromandel is working for strengthening community institutions by forging strong partnerships with the community and government bodies so that development models can become replicable and self-sustaining.

During the year, Coromandel has partnered with the Federation of Farmer Associations in Mahabubnagar district of Telangana to establish a sustainable model of development with women farmers.





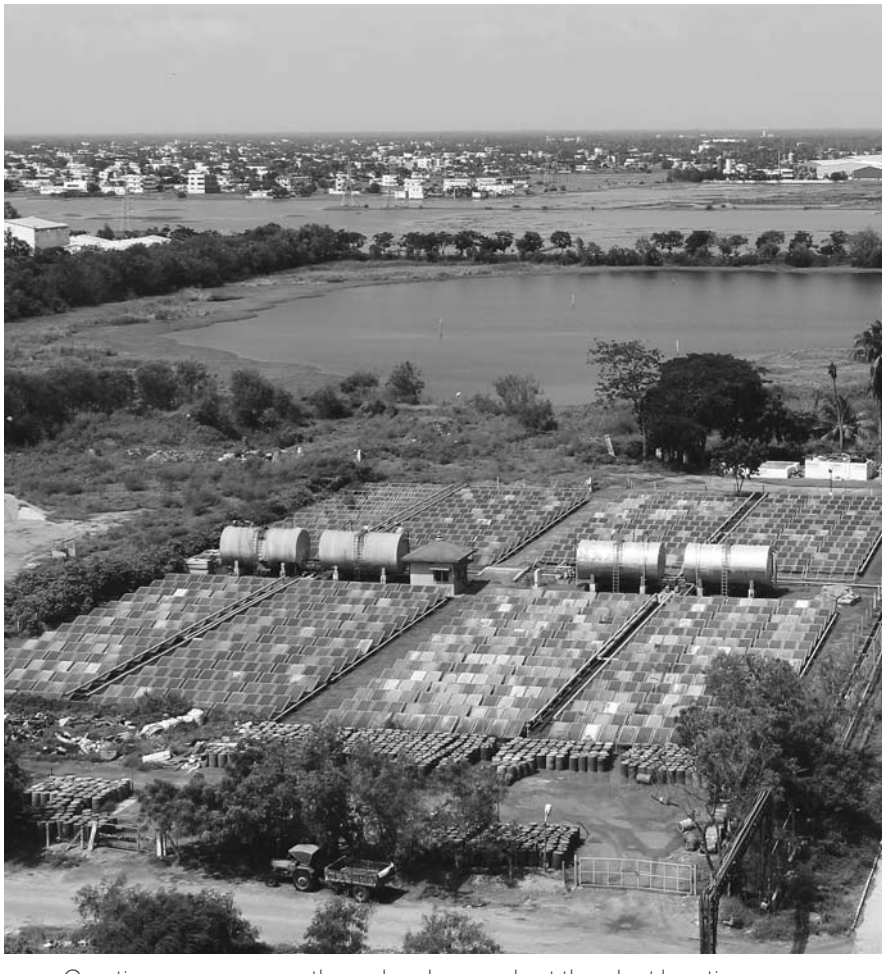
Provision of safe drinking water through installation of RO Plants in Kakinada, Andhra Pradesh



Improving livelihood opportunities for women through training program on Tailoring in Visakhapatnam, Andhra Pradesh

## ENVIRONMENT

Being a responsible corporate citizen, Coromandel believes in making a difference to the environment and change lives for the better. Towards this, coverage under the Green Belt was expanded by 19 acres planting about 8,800 saplings across the manufacturing sites. Kakinada unit got a rare and unique recognition by United Nations Development Programme (UNDP) when a documentary film, "Turning a factory into bird sanctuary" covering Kakinada plant was shot with the help of EGREE and put on UNDP website.



Creating green energy through solar panels at the plant locations



UNDP recognition for Kakinada Plant Bird Sanctuary



Coverage under Green Belt increased by 19 acres

# NOTICE

Notice is hereby given that the Fifty Fifth Annual General Meeting of the Members of Coromandel International Limited will be held on Friday, July 28, 2017 at 10.30 a.m. at Hotel Minerva Grand, S D Road, Secunderabad-500 003, to transact the following business:

**Ordinary Business**

1. To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2017, the Report of the Auditors thereon and the Report of the Board of Directors and in this connection to consider and if deemed fit, to pass the following Resolution as an **Ordinary Resolution:**

   **"RESOLVED THAT** the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2017, the Report of the Auditors thereon and the Report of the Board of Directors for the financial year ended March 31, 2017, placed before the 55th Annual General Meeting be and are hereby received and adopted."

2. To receive, consider and adopt the Consolidated Financial Statements of the Company for the financial year ended March 31, 2017, the Report of the Auditors thereon and in this connection to consider and if deemed fit, to pass the following Resolution as an **Ordinary Resolution:**

   **"RESOLVED THAT** the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2017 and the Report of the Auditors thereon, placed before the 55th Annual General Meeting be and are hereby received and adopted."

3. To declare a dividend for the year ended March 31, 2017 and in this connection to consider and if deemed fit, to pass, the following Resolution as an **Ordinary Resolution:**

   **"RESOLVED THAT** a dividend of ₹ 5/- per share (500%) recommended by the Board of Directors be and is hereby declared on the equity shares of ₹ 1/- each of the Company for the year ended March 31, 2017 and the same be paid to those shareholders, in case of shares held in physical form, whose names appear in the register of members as of the close of business hours on July 16, 2017 and in case of shares held in dematerialised form to the beneficiaries as of the close of business hours on July 16, 2017 as per details furnished by the depositories for this purpose."

4. To appoint a Director in place of Mr. V. Ravichandran (DIN 00110086), who retires by rotation and, being eligible, offers himself for re-appointment and in this connection to consider and if deemed fit, to pass the following Resolution as an **Ordinary Resolution:**

   **"RESOLVED THAT** Mr. V. Ravichandran, having DIN00110086, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

5. To ratify the appointment of M/s. Deloitte Haskins & Sells, as Auditors for the period 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 the following Resolution as an **Ordinary Resolution:**

   **"RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other Rules framed thereunder, as amended from time to time, the appointment of Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No. 008072S) as Auditors of the Company for a period of 5 consecutive years, made at the Fifty Second Annual General Meeting (AGM) held on July 23, 2014, be and is hereby ratified to hold office for the period from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration of ₹ 65 Lakh (Rupees Sixty Five Lakh) plus reimbursement of out of pocket expenses and applicable taxes and the Board of Directors of the Company be and is hereby authorised to pay such increased audit fee as they may deem fit."

**Special Business**

6. To appoint Mrs. Nirupama Rao as an Independent Director of the Company and in this regard to consider and if deemed fit, to pass the following Resolution as an **Ordinary Resolution**:

   **"RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152, read with Schedule IV and other applicable provisions of the Companies Act, 2013 (the Act) and the Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mrs. Nirupama Rao, (DIN 06954879) who was appointed as an Additional Director of the Company by the Board of Directors with effect from September 05, 2016 and who holds office till the date of this Annual General Meeting, in terms of Section 161 of the Act, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act, signifying its Intention to propose the candidature of Mrs. Nirupama Rao for the office of a director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office up to September 4, 2021, not liable to retire by rotation."

7. To ratify the remuneration of the Cost Auditors for the financial year ending March 31, 2018 and in this regard to consider and if deemed fit, to pass the following resolution as an **Ordinary Resolution**:

   **"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 read with Rule 14 (a) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration approved by the Board of Directors as set out in the statement hereunder to the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2018, be and is hereby ratified.

| Name of the Cost Auditor | Unit / Area of the Audit | Audit Fees payable* |
|---|---|---|
| Mr. V Kalyanaraman | All units of the Company at Visakhapatnam, Kakinada and Ennore | ₹ 7 Lakh |
| Mrs. Jyothi Satish | All units of the Company manufacturing Single Super Phosphate and Pesticides Units at Sarigam, Dahej, Ranipet, Ankleshwar and Jammu | ₹ 4 Lakh |

* Excluding reimbursement of out of pocket expenses and applicable taxes

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board

**For Coromandel International Limited**



**P Varadarajan**
Company Secretary

Registered Office:
"Coromandel House"
1-2-10, Sardar Patel Road
Secunderabad 500 003
Date: April 28, 2017

**NOTES:**

1. **A member entitled to attend and vote at the Annual General Meeting ("the Meeting") is entitled to appoint a proxy to attend and vote on a poll, instead of himself/herself and the proxy need not be a member of the Company.**

   The instrument appointing the proxy should be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.

   A person can act as a proxy on behalf of members upto and not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

2. Corporate members intending to send their authorised representative(s) to attend the Meeting are requested to send to the Company a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.

3. Brief profile of Mr. V. Ravichandran and Mrs. Nirupama Rao, Directors proposed to be appointed/re-appointed along with names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and their relationship with other directors inter-se are provided in the Report on Corporate Governance forming part of the Annual Report.

4. An Explanatory Statement under Section 102(1) of the Companies Act, 2013, in respect of the Special Business to be transacted at the Meeting is annexed hereto.

5. The Register of Members and the Share Transfer Books of the Company will remain closed from **Monday, July 17, 2017** to **Friday, July 28, 2017** (both days inclusive).

6. Pursuant to the provisions of Section 124(5) of the Companies Act 2013, the amount of dividend/interim dividend declared/paid up to the financial year 2009-10 and remaining unpaid for 7 years has been transferred, from time to time on respective due dates, to the Investors Education & Protection Fund. Details of unpaid/unclaimed dividends lying with the Company as on the last Annual General Meeting of the Company is available on the website of the Company at http://coromandel.biz/inv_dividend.html.

7. As per Section 124 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2017 and amendments made thereunder, all shares in respect of which dividend remains unpaid or unclaimed for seven years, or more, are required to be transferred to the Investor Education and Protection Fund (IEPF) Suspense Account. In compliance with the said Rules, the Company has sent two reminders to the shareholders to claim their unpaid/unclaimed dividend in order to avoid transfer of shares to IEPF Suspense Account.

8. Members/Proxies attending the Meeting are requested to complete and bring the Attendance Slip enclosed with the Annual Report, duly filled in & signed, and hand over the same at the entrance of the meeting hall.

9. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents, Karvy Computershare Private Limited, ("Karvy"), cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the concerned Depository Participant by the members.

10. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company/Karvy.

11. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Karvy, for consolidation into a single folio.

12. Non-Resident Indian Members are requested to inform Karvy, immediately of:

    a. Change in their residential status on return to India for permanent settlement.

    b. Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

13. Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/Karvy.

15. **Voting through electronic means**

    In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015,

Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and Secretarial Standard on General Meetings (SS2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide the members, facility to exercise their right to vote at the 55th Annual General Meeting (AGM) by electronic means and the facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Karvy. The procedure for participating in the remote e-voting is given below:

**E-Voting Instructions:**

A. In case a Member receives an email from Karvy [for members whose email IDs are registered with the Company/ Depository Participants (s)]:

i. Launch internet browser by typing the URL: https://evoting.karvy.com.

ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN number 3108 followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

iii. After entering these details appropriately, click on 'LOGIN'.

iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

v. You need to login again with the new credentials.

vi. On successful login, the system will prompt you to select the 'EVENT' i.e., Coromandel International Limited.

vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under 'FOR/AGAINST' or alternatively, you may partially enter any number in 'FOR' and partially 'AGAINST' but the total number in 'FOR/AGAINST' taken together not exceeding your total shareholding. You may also choose the option ABSTAIN. If the shareholder does not indicate either 'FOR' or 'AGAINST' it will be treated as 'ABSTAIN' and the shares held will not be counted under either head.

viii. Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.

ix. Voting has to be done for each item of the notice separately.

x. You may then cast your vote by selecting an appropriate option and click on 'Submit'.

xi. A confirmation box will be displayed. Click 'OK' to confirm; else 'CANCEL' to modify. Once you have voted on the resolution, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.,) are required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email rsaevoting@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format 'Coromandel - 55th AGM'.

B. In case of Members receiving physical copy of Notice [for members whose email IDs are not registered with the Company/Depository Participants (s)]

(i) E-Voting Event Number - 3108 (EVEN), User ID and Password is provided in the Attendance Slip.

(ii) Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.

C. Voting at AGM: The Members, who have not cast their vote electronically, can exercise their voting rights at the AGM. The Company will make necessary arrangements (e-voting/ballot) in this regard at the AGM Venue. Members, who cast their votes by e-voting prior to AGM may attend the AGM, but will not be entitled to cast their votes again.

**Other Instructions:**

i. In case of any queries, you may refer Help & FAQ section of https://evoting.karvy.com (Karvy Website) or call Karvy on +91 40 67161616 & Toll Free No. 1800 3454 001.

ii. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

iii. The e-voting period commences on **Tuesday, July 25, 2017 (9.00 a.m. IST)** and ends on **Thursday, July 27, 2017 (5.00 p.m. IST).** During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e., **Friday, July 21, 2017,** may cast their vote electronically in the manner and process set out herein above. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

iv. Those who become Members of the Company after despatch of the AGM Notice but on or before **July 21, 2017** (cut-off date) may write to Karvy at evoting@karvy.com or to the Company at investorsgrievance@coromandel.murugappa.com requesting for user ID and password. On receipt of user ID and password, the steps from Sl. Nos. (i) to (xii) mentioned in (A) above should be followed for casting of vote.

v. The voting rights of shareholders shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off i.e. **July 21, 2017.**

vi. The Board of Directors has appointed Mr. R. Sridharan (Membership No. 4775 and CP No.3239), Practicing Company Secretary, as the Scrutiniser to scrutinize the e-voting process in a fair and transparent manner.

vii. The scrutiniser shall immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses who are not in the employment of the Company and within a period not exceeding two

(2) days from the conclusion of the meeting make a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or person authorized by the Chairman for counter signature.

viii. The Results shall be declared either by the Chairman or by a person authorized in writing by the Chairman and the resolution will be deemed to have been passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolution(s).

ix. Immediately after declaration of results, the same shall be placed along with the Scrutiniser's Report on the Company's website www.coromandel.biz and on the website of Karvy at https://evoting.karvy.com, and communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed, for placing the same on their website.

## ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (hereinafter referred to as 'the Act').

### ITEM NO. 6

Mrs. Nirupama Rao was appointed as an Additional Director of the Company by the Board of Directors on September 5, 2016 pursuant to the provisions of Section 161 of the Act, based on the recommendation of the Nomination & Remuneration Committee. The Board has also appointed her as an Independent Director, with effect from September 5, 2016, in terms of Section 149 read with Schedule IV of the Companies Act, 2013. In terms of Section 161 of the Act, Mrs. Nirupama Rao holds office only upto the date of the ensuing Annual General Meeting of the Company. The Company has received a notice in writing under the provisions of Section 160 of the Act, from a member along with a deposit of ₹ 1,00,000/- proposing the candidature of Mrs. Nirupama Rao for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Act.

The Board at the meeting held on April 28, 2017, on the recommendation of the Nomination & Remuneration Committee, has recommended for the approval of the shareholders, the appointment of Mrs. Nirupama Rao as an Independent Director of the Company for a period of five years from September 5, 2016.

The Company has received from Mrs. Nirupama Rao (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under sub-section (2) of Section 164 of the Act and (iii) a declaration to the effect that she meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act.

In the opinion of the Board of Directors, Mrs. Nirupama Rao, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act, the Rules made thereunder and the Listing Regulations and she is independent of the Management. She does not hold any shares in the Company in her individual capacity or on a beneficial basis for any other person. A copy of the draft letter of appointment of Mrs. Nirupama Rao as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day up to the date of the AGM.

The resolution seeks the approval of the shareholders for the appointment of Mrs. Nirupama Rao as an Independent Director of the Company with effect from September 5, 2016 to hold office upto September 4, 2021, not liable to retire by rotation.

The Board considers that in view of her rich experience, her continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mrs. Nirupama Rao as an Independent Director.

Mrs. Nirupama Rao and her relatives are interested in the Resolution. None of the other Directors and Key Managerial Personnel of the Company, or their relatives, is interested in this Resolution financially or otherwise. She is not related to any of the Directors or Key Managerial Personnel of the Company.

A brief resume, as required pursuant to the Regulation 36 (3) of the Listing Regulations and Secretarial Standard-2, is set out in the 'Report on Corporate Governance' appearing at page 72 of the Annual Report.

The Board commends the Ordinary Resolution set out at Item No. 6 for approval by shareholders.

### ITEM NO.7

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2018 as per the following details:

| Name of the Cost Auditor | Unit / Area of the Audit | Audit Fees payable* |
|---|---|---|
| Mr. V Kalyanaraman | All units of the Company at Visakhapatnam, Kakinada and Ennore | ₹ 7 Lakh |
| Mrs. Jyothi Satish | All units of the Company manufacturing Single Super Phosphate and Pesticides Units at Sarigam, Dahej, Ranipet, Ankleshwar and Jammu | ₹ 4 Lakh |

* Excluding reimbursement of out of pocket expenses and applicable taxes

In accordance with the provisions of Section 148 of the Act read with Rule 14 (a) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors approved by the Board has to be ratified by the shareholders of the Company.

Accordingly, consent of the shareholders is being sought for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2018.

None of the Directors/Key Managerial Personnel of the Company/their relatives is, in any way, concerned or interested, financially or otherwise, in the above resolution.

The Board commends the Ordinary Resolution set out at Item No. 7 for approval by shareholders.

By Order of the Board
**For Coromandel International Limited**



**P Varadarajan**
Company Secretary

Place: Secunderabad
Date: April 28, 2017

# Directors' Report

Your Board of Directors have pleasure in presenting the 55th Annual Report together with the Audited Financial Statements for the financial year ended March 31, 2017.

### Summary of Financial Results

₹ in Crore

| | 2016-17 | 2015-16 |
|---|---|---|
| **Revenue:** | | |
| From Operations | 10,185 | 11,625 |
| Other | 54 | 65 |
| **Total Revenue** | **10,239** | **11,690** |
| **Profit:** | | |
| Profit before Interest, Depreciation and Taxation | 1,036 | 831 |
| Less: Interest | 224 | 221 |
| Depreciation | 100 | 106 |
| **Profit Before Exceptional Items & Tax** | **712** | **504** |
| Exceptional Item | - | 25 |
| Profit Before Tax | 712 | 529 |
| Less: Provision for Tax (including deferred tax credit) | 235 | 171 |
| **Profit After Tax** | **477** | **358** |

### Indian Accounting Standards

The Ministry of Corporate Affairs (MCA), vide its notification in the Offical Gazzette dated February 16, 2015, notified the Indian Accounting Standards (Ind AS) applicable to certain classes of companies. Ind AS has replaced the earlier Indian GAAP prescribed under Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. For the Company, Ind AS is applicable from April 1, 2016 with a transition date of April 1, 2015.

The following are the areas which had an impact on account of transition to Ind AS:

- Fair valuation of certain financial instruments
- Employee costs pertaining to defined benefit obligations
- Discounting of certain long-term liabilities
- Share-based payments
- Accounting for joint ventures

The reconciliations and descriptions of the effect of the transition from Indian GAAP to Ind AS has been provided in Note 48 and 49 in the notes to the standalone and consolidated financial statements, respectively.

### Transfer to Reserves

The Company proposes to transfer ₹ 300 Crore to the General Reserves of the Company and retain ₹ 706.76 Crore in the Statement of Profit and Loss.

### Dividend

Your Directors are pleased to recommend a Dividend of ₹ 5/- per equity share of ₹ 1/- each for the year 2016-17.

### Operations

It has been an eventful year for the Indian Agriculture, which benefitted from a normal south west monsoon after experiencing two consecutive droughts in previous seasons. Improved residual moisture and higher reservoir levels aided in higher sowings and crop acreage went up by 5.5-6%. Though the North East monsoon, which significantly impacts our peninsular Indian States, were down by 45% during Rabi, overall agriculture scenario remained positive. As per Reserve Bank of India's Monetary Policy Report, agriculture sectorial growth is projected at 4.1% for the year 2016-17 (0.8% last year), driven by record food grain output (273 million tons) and improved livestock performance. The year was marked by a radical initiative taken by the Government to reform the economy by demonetizing high denomination currencies. While the informal/cash-intensive sectors were affected by the demonetization, overall impact has been redistributive. For agriculture, key indicators of area sown, cropping pattern and productivity have shown a neutral to positive behaviour over the said period, though perishable commodities showed drop in arrivals and market prices.

On the reforms front, a slew of measures targeting soil health, farm infrastructure, mechanization, technology interventions for price discovery and damage assessment for crop insurance were introduced during the year. These are steps in the right direction and will facilitate farmer's income stability and productivity improvements, going forward.

On the fertiliser policy front, to ensure subsidy reaches the target farmers, Direct Benefit Transfer (DBT) in Fertiliser was rolled out on a pilot basis in 16 districts across India. Retail stores of the Company in the district of Ranga Reddy in Telangana and West Godavari and Krishna districts in Andhra Pradesh were part of the said pilot project. Though some technology gaps persist in implementation, it is a welcome step for the farmers and the industry. Going forward, your Company anticipates the subsidies to be directly passed on to the farmers, who can make an informed choice based on the crop needs and health status of the soil.

During the year 2016-17, fertiliser industry benefitted from a benign raw material environment that made the domestic manufacturing viable. Overall, DAP production was up by 13%, partially substituting the drop in imports. Industry, on its part, passed on the gains from soft raw material prices to the farmers - overall, Phosphatics prices were brought down by 15%-20%. This, along with favourable South West monsoon, aided in liquidation of the channel inventory. Though the Phosphatics sales were down by 8%, the overall liquidation profile for the industry improved considerably.

Buoyed by the positive business sentiments, your Company improved its financial performance during the year. In line with the Company's vision to be a leader in farm solutions business, Coromandel took gentle stride towards developing a differentiated business model. Towards this, business moved closer to the customers by developing an agronomist based integrated nutrient management structure. Fertiliser business improved its sourcing efficiency and resorted to strategic buying of raw materials. Further, a stable exchange rate, which strengthened towards the end of the year, added to the cost competitiveness of the business. New capacities were added in crop protection space, providing Coromandel the scale and advantage of demand situation in the international markets. The supply chain and process efficiencies were streamlined to improve operational flexibility in Retail and SSP businesses. Crop specific product introductions were made in Specialty SBU, in line with Business's shift towards crop based approach. During the year, your Company has prepaid its long term loans, thereby making it a zero long term debt company. Overall, it has been a satisfying year, where inspite of moderation in sales volumes, your Company strengthened its processes and stakeholder engagement to improve the Business performance.

Phosphatic fertiliser business of the Company, though down by 7% in volume terms during the year 2016-17, continued to remain the largest manufacturer and marketer of NPK fertilisers in private sector in India, maintaining a market share of 14.5%. In the wake of high channel inventory at the beginning of the year and sub normal North East monsoon, your Company consciously moderated its sales during the 2nd half of the year. Continuous focus of the Business towards improving liquidation has led to normalization of channel inventory as compared to last year levels. Over the last few years, your Company has positioned itself as a unique solution provider, offering technologically superior products- two unique grades introduced in the year 2015-16, demonstrated significant value proposition to the farmers. Further, the branding and marketing initiatives were strengthened to promote the concept and that has resulted in improving share of unique grades to 33% of the Phosphatics sales. Customer centric and channel engagement initiatives were taken forward during the year by leveraging technology tools and agri extension services. With likelihood of DBT getting implemented pan India in 2017-18, Business has initiated steps towards improving the customer connect by strengthening the marketing structure and increasing channel reach.

On the Operations front, the Company's continued focus and investments towards strengthening plant infrastructure, process and behavioural safety has resulted in Fertiliser business achieving its best ever safety performance. Overall, Total Recordable Injury Rate (TRIR) has been brought down considerably in the fertiliser manufacturing locations. Process Safety Management System (PSMS), adopted across the units last year, improved on its performance scores through strengthening safety processes and employee training.

On the production front, the manufacturing volumes remained at last year levels of 24.1 Lakh tons and the Company has not resorted to any imports during the year. Availability of Phosphoric Acid improved considerably through combination of higher captive production, alternate rock/acid sourcing, improved global availability and higher offtake from Foskor. In order to achieve self-sufficiency in captive Phosphoric Acid production at its Vishakhapatnam unit, your Company has plans to augment its acid production capacity. In relation to this, the Company successfully completed the public hearing for the proposed expansion.

Your Company's Crop Protection Business had a strong year, benefitting from softness in raw materials and utilities cost and improved demand for its key molecule Mancozeb in domestic and international markets. During the year, your Company expanded its Mancozeb production capacities through debottlenecking at Sarigam unit and brownfield expansion at Dahej unit. Company's branded formulation business was partially impacted by challenging market conditions in its key operating markets. However, two new product launches, along with scaling up of captive generics volumes improved the overall Business performance during the year. On the operations front, cost reduction initiatives undertaken across the Business units improved the production efficiencies and reduced manufacturing costs. R&D product synthesis lab at Hyderabad, set up in 2015, has started to deliver results, spanning in the areas of process improvement and product development.

Specialty Nutrients business, which comprises of Water Soluble Fertilisers (WSFs), Sulphur products and Micro nutrient segments, showed steady growth over last year as a result of growing WSF market and favourable seasonal conditions. During the year, Business introduced new micronized sulphur variant to expand its product portfolio. Further, it continued its crop based marketing approach, launching crop specific products for potato and pulses segment, which were well accepted by the farmer community. With the Government's focus shifting towards improving water and nutrients use efficiency by making higher budgetary allocation towards micro irrigation, Business foresees significant growth opportunities, going forward.

Your Company's Organic manure business responded positively to the call of Government of India to bring focus to soil health through promoting City Compost manure and marketed nearly 20,000 tons during the year, making it the largest seller of City Compost in the country. To expand its presence in niche organic product segments, Business introduced two new grades, which have been well received by the market. Organic Business forayed into new channels through corporate tie ups and institutional participation, and is exploring the possibility of getting in to the certified product segment.

Retail Business, which operates through a network of around 800 centers spread across Andhra Pradesh, Telangana and Karnataka, had an impressive performance in 2016-17 inspite of tough conditions in its operating geographies. Business expanded its digital footprint into areas of marketing communication, knowledge dissemination, employee productivity, customer analytics and inventory management to improve business efficiencies. Due to the cash based nature of the Business, the operations were partially impacted during the demonetization period; however, it swiftly adapted to the changed scenario by installing PoS machines at all its centers within a short span of time and organizing awareness campaigns among the farmers, which resulted in cashless sales share moving up considerably.

SSP business environment remained largely subdued during the year under review, especially in the first half, owing to subsidy drop and high channel inventory stocks slowing down the demand prospects. Business took a conscious call to restrict its SSP sales volumes to effectively manage its cash flows and focused on improving its operating efficiencies through a combination of strategic sourcing, process improvements and plant rationalization. Business continued its focus towards creating quality differentiation and towards it set up quick test centers across major operating markets and carried out 750 quality tests during the year 2016-17. New value added product Zincated SSP was introduced during the year and business plans to scale it up in targeted crop segments.

Overall, your Company has recorded a total turnover of ₹ 10,239 Crore. Profit for the year before depreciation, interest and taxation was ₹ 1,036 Crore and Profit before Tax was ₹ 712 Crore. Net Profit after Tax was ₹ 477 Crore.

### Management Discussion & Analysis

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

### Directors' Responsibility Statement

The Directors' Responsibility Statement pursuant to the provisions of Section 134(3) (c) and 134(5) of the Companies Act, 2013 is appended as *Annexure A* to this Report.

### Consolidated Financial Results

Consolidated Financial Statements incorporating the operations of the Company, its Subsidiaries, Associates and Joint Venture Companies is appended. As required under the provisions of Companies Act 2013, a statement showing the salient features of the financial statements of the subsidiaries, associates and joint ventures is enclosed as *Annexure B* to this Report.

The financial statements of the subsidiary companies will be made available to the members of the Company and its subsidiary companies on request and will also be kept for inspection at the Registered Office of the Company.

**Subsidiary Companies:**

Brief details of the performance of the subsidiaries of the Company are given below:

a) **CFL Mauritius Limited:**

CFL Mauritius Limited, a wholly owned subsidiary, incurred loss of $0.04 million (equivalent to ₹ 0.25 Crore) during the year ended December 31, 2016. Primary source of income for this subsidiary is dividend income from Foskor (Pty) Limited and the subsidiary did not receive any dividend from Foskor during the year 2016.

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

PCL, a wholly owned subsidiary of the Company, earned a total revenue of ₹ 1.11 Crore for the year ended March 31, 2017 and Profit after Tax was ₹ 0.34 Crore.

c) **Dare Investments Limited (DIL):**

DIL, a wholly owned subsidiary of the Company, did not have any significant operations and incurred a loss of ₹ 0.01 Crore for the year ended March 31, 2017.

d) **Liberty Pesticides and Fertilisers Limited (LPFL):**

LPFL, a wholly owned subsidiary of the Company, did not have any significant operations during the year 2016-17. It earned a profit of ₹ 0.12 Crore for the year ended March 31, 2017.

e) **Coromandel Brasil Limitada (CBL):**

CBL, a Limited Liability Partnership, owned 100% by the Company and its subsidiary CFL Mauritius Limited, is primarily engaged in getting product registrations in Brazil and procuring orders for supplies from India. It incurred net loss of Brazilian Reals 0.05 million (equivalent to ₹ 0.10 Crore) for the year ended December 31, 2016.

f) **Sabero Organics America SA (SOAL):**

SOAL is primarily engaged in getting product registrations in Brazil and procuring orders for supplies from India. It incurred net loss of Brazilian Reals 0.49 million (equivalent to ₹ 0.95 Crore) for the year ended December 31, 2016.

g) **Sabero Australia Pty Limited (SAPL):**

SAPL did not have any significant operations during the year 2016-17. It made a net profit of AUD 0.01 million (equivalent to ₹ 0.05 Crore) for the year ended March 31, 2017.

h) **Sabero Europe BV (SEBV):**

SEBV is primarily engaged in getting product registrations in Europe and procuring orders for supplies from India. It did not have any significant operations during the year ended March 31, 2017.

i) **Sabero Argentina SA (SA):**

SA is primarily engaged in getting product registrations in Argentina and procuring orders for supplies from India. It did not have any significant operations during the year ended December 31, 2016.

j) **Coromandel Agronegocios De Mexico SA de CV (CAM):**

CAM is primarily engaged in getting product registrations in Mexico and procuring orders for supplies from India. It made a net profit of Peso 1.21 million (equivalent to ₹ 0.44 Crore) for the year ended December 31, 2016.

**Joint Venture Companies**

Brief details of the performance of the Joint Ventures (JV) of the Company are given below:

- During the year under review, Coromandel Getax Phosphates Pte. Limited, a Joint Venture based in Singapore was closed, as the JV could not achieve the objective of identifying opportunities for rock phosphate mining / sourcing, even after a lapse of 8 years.

a) **Coromandel SQM (India) Pvt Limited (CSQM):**

CSQM, a joint venture between Coromandel and SQM, manufactures Water Soluble Fertilisers (WSF) at Kakinada, Andhra Pradesh and offers Specialty Nutrition Solutions to institutional clients. During the year, the JV launched two new crop specific WSF product 'Speedfol Pulses SP' and 'Speedfol Potato SP' and undertook field efficacy trials for developing other crop solutions in horticulture space. On the manufacturing front, improved plant throughput and market demand for WSFs led to 46% higher production during the year. The JV has earned a total income of ₹ 55.28 Crore for the year ended March 31, 2017 and the net Profit was ₹ 3.64 Crore.

b) **Yanmar Coromandel Agrisolutions Private Limited (YCAPL):**

YCAPL, a joint venture company that commenced operations in July 2014, recorded sales of ₹ 21.27 Crore in FY 2016-17 and a net loss of ₹ 6.19 Crore. The company is currently in the business of importing and marketing of agri machinery in the Indian market. During the year, the JV introduced combine harvester and new variant in rice transplanter segment, which have received positive response from the market. The JV launched its second Agri-Support Centre in Tanjore, Tamil Nadu,in addition to its facility in Tadepalligudam, Andhra Pradesh, to strengthen its service capability and after sales support. Further plans of expansion are under pipeline for launch of new Agri-Support Service Centre in other States. Coromandel holds 40% equity in the JV and the balance is held by Yanmar (40%) and Mitsui (20%).

**Associate Company**

a) **Sabero Organics Philippines Asia Inc (SOPA):**

SOPA, an associate company is based in Philippines and did not have any significant operations during the year 2016-17.

## Strategic Investment

a) **Tunisian Indian Fertilisers S.A., Tunisia (TIFERT):**

TIFERT, a company based in Tunisia, manufactures phosphoric acid which is a key raw material for operating Phosphatic fertiliser plants. Your Company's strategic investment in TIFERT (15% equity) is aimed at securing uninterrupted supply of phosphoric acid for Company's operations at Kakinada and Visakhapatnam. During the year, TIFERT could not operate at desired capacity due to local disturbances and technical problems at the Plant. The lower capacity utilization impacted the liquidity position of TIFERT, resulting in delayed payment of loan installment due in March 2017 to the lenders. As a result, the lenders issued an Acceleration Notice followed by a call notice to the shareholders of TIFERT, calling upon them to pay the loan outstanding in proportion of their respective shareholding (Coromandel's share: USD 35.25 million). Subsequent to issuance of Acceleration Notice, TIFERT paid the loan instalment on March 30, 2017. The shareholders (Tunisian and Indian) are in discussions with the lenders to resolve the situation amicably as TIFERT plans to improve its capacity utilization through ensuring business continuity during 2017-18 and beyond. Towards this, the shareholders of TIFERT have extended support to scale up phosphoric acid production and improve plant throughput.

b) **Foskor (Pty) Limited, South Africa (FOSKOR):**

Your Company, along with CFL Mauritius Limited, holds 14% equity of Foskor (Pty) Limited. During the year, Foskor's production improved considerably and plant achieved consistency in production numbers. Coromandel extended continuous support to Foskor in terms of providing preventive maintenance, ensuring spares availability and recruitment of key personnel.

## Safety, Health and Environment (SHE)

Your Company gives utmost importance to employees health and safety, given the sensitive nature of operations that involves handling of chemical products. Company has put in robust processes and safety performance indicators to track its SHE performance. During the year, your Company demonstrated its commitment towards ensuring employee safety and the Total Recordable Injury Rate (TRIR) per million man hours has been restricted below 1 levels (0.73). Process Safety Management System (PSMS) were strengthened across the fertiliser units – HAZOP studies, Root Cause Analysis, Safety process standardization and PSM training were carried out- resulting in improvement in scores across the locations.

Your Company has demonstrated consistent progress in key environmental performance indicators, including reducing air emissions, waste water generation, hazardous and non-hazardous wastes generation, and natural resource management by implementing 4R approach - Replace, Reduce, Reuse and Recycle. Your Company has established the Environmental Management System (EMS), ISO 14000-certified, with defined processes and procedures for identifying, evaluating and reducing the environmental impacts, while maintaining the operating efficiency and ensuring regulation compliance. All manufacturing sites undergo Environmental Impact assessment to understand the long term impact of manufacturing activities. During the year, your Company's commitment towards environment remained firm- Green belt coverage in the key manufacturing sites stood between 25% to 50% levels. Your Company has planted about 8,800 saplings across its manufacturing sites in collaboration with local Forest Department authorities and Social Forest Conservation agencies, bringing an additional 19 acres under the green belt.

## Corporate Social Responsibility Initiatives

Corporate Social Responsibility (CSR) has been an integral part of your Company's culture and the Company has been associated in the past directly and through AMM Foundation (an autonomous public charitable trust engaged in philanthropic activities the field of Education and Healthcare) for contributing towards society's development. During the year, your Company has undertaken various CSR projects in the areas of education, health and community development targeting inclusive growth and social capital improvement. Coromandel Girl Child Education Scheme, which offers economic assistance to IX & X standard students, was relaunched and expanded coverage to 2,120 girls in 857 schools. On the health front, Coromandel Medical Centre and Mobile van facilities were introduced at Sarigam, which catered to the medical needs of nearly 11,000 community members. Going forward, your Company plans to address the health needs including diagnostic facilities and an out-patient facility by seting up a hospital at Kakinada. Coromandel has also created access to opportunities and resources through its economic development and infrastructure & environment support initiatives. In accordance with the provisions of Section 135 of the Companies Act, 2013, the Company has formed a CSR Committee and a CSR Policy is in conformity with the provisions of the Act. The CSR Policy can be accessed on the Company's website at http://www.coromandel.biz/csr_policy.html. The projects undertaken during the year are in accordance with Schedule VII of the Act. Details of composition of CSR Committee and CSR Projects undertaken during the year and reasons for not spending the balance amount are given in *Annexure C* to this Report.

## Awards/Recognition

Your Company has won various external recognitions at National and Global level for the people practices in the areas of Employee Connect, Total Quality Management, CSR and Labour management initiatives, mentioned as under:

- **Manufacturing:**
  - Best Management Award from Labour department of Government of Andhra Pradesh for Vizag and Kakinada Plants, May 2016
  - Best operating Phosphoric acid for the Vizag plant for the year 2015-16 by Fertiliser Association of India
  - 'Sustainable Waste & Resource Management Award' during India Sustainability Leadership Summit-2016
  - CII Energy Efficient Unit Award 2016 for Vizag Plant-consecutively for 3 years.
- **Employee Involvement in TQM Initiatives:**
  - Strong commitment award for 5S Sustenance level at Vizag Unit, ABK-AOTS, Tamil Nadu Centre
  - Excellence in Suggestion Scheme under Fertilizer Industry, 2nd Rank, Indian National Suggestion Scheme Association
  - Excellence and Gold Awards for Small Group Activity Projects from Quality Circle Forum of Indian, Regional and National Chapters

- **Corporate**
  - ICAI Award for Excellence in Financial Reporting for Annual Report 2015-16
  - Award for 'Chronicle' in Best Employee Communication Category from Public Relations Society of India (PRSI)
  - Best House Journal Category for 'Voice' from PRSI as well as from Association of Business Communicators of India (ABCI)
  - Award for 'Corporate Social Responsibility Brochure Design Communication' in Best Brochure Design Communication Category from ABCI
  - Global Award of Distinction (Silver) for in-house magazine 'Voice', Distinction for 'Voice' Cover page from Academy of Interactive & Visual Arts, New York.

### Particulars of Loans, Guarantees and Investments

Details of loans and guarantees given and investments made under Section 186 of the Companies Act, 2013 are given in the Notes to the Financial Statements.

### Public Deposits

The Company has not accepted any deposit from the public under Chapter V of the Companies Act, 2013 or under the corresponding provisions of Section 58A of the Companies Act, 1956, since 2003 and no amount of principal or interest was outstanding as on the Balance Sheet date.

### Share Capital

The paid up equity share capital of the Company as on March 31, 2017 was ₹ 29.17 Crore. During the year, the Company had allotted 3,48,662 equity shares of ₹ 1 each under ESOP Scheme 2007.

### Postal Ballot-2016

During the year under review, shareholders have approved following business through Postal ballot (including e-voting) on January 11, 2017, by way of special resolution with requisite majority:

a) Approval for alteration of Articles of Association of the Company for adoption of new set of Articles of Association in alignment with the Companies Act, 2013.

b) Approval for Employee Stock Option Plan 2016 ('ESOP 2016') and grant of Stock Options to the employees of the Company under the ESOP 2016.

c) Approval for grant of Stock Options to the Employees of Subsidiary Companies of the Company under Employee Stock Option Plan 2016.

### Internal Control Systems and their adequacy

The Company has adequate internal controls consistent with the nature of business and size of the operations, to effectively provide for safety of its assets, reliability of financial transactions with adequate checks and balances, adherence to applicable statues, accounting policies, approval procedures and to ensure optimum use of available resources. These systems are reviewed and improved on a regular basis. It has a comprehensive budgetary control system to monitor revenue and expenditure against approved budget on an ongoing basis.

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

### Vigil Mechanism/Whistle Blower Policy

The Company has a Whistle Blower Policy which provides the employees, customers, vendors and directors an avenue to raise concerns on ethical and moral standards and legal provisions in conduct of the business operations of the Company. It also provides for necessary safeguards for protection against victimization for whistle blowing in good faith. The Vigil Mechanism is also placed on the website of the Company.

### Policy on prevention of Sexual Harassment

The Company has in place Prevention of Sexual Harassment Policy (POSH) in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Compliance Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees are covered under this Policy. During the year 2016-17, there were no complaints received by the ICC.

### Directors

In accordance with Article 17.29 of the Company's Articles of Association, read with Section 152 of the Act, Mr. V Ravichandran retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mrs. Nirupama Rao was appointed as an Additional Director (Non-Executive Independent) of the Company with effect from September 05, 2016.

Mrs. Ranjana Kumar ceased to be an Independent Director of the Company, on completion of her term on July 22, 2016.

All the Independent Directors of the Company have given declarations under sub-section (6) of Section 149 of the Act and the same have been considered and taken on record by the Board.

### Board Evaluation

In accordance with the provisions of Section 134 of the Act and Regulation 17 of the Listing Regulations, the Board has carried out evaluation of its own performance, the performance of Committees of the Board, namely, Audit Committee, CSR Committee, Risk Management Committee, Stakeholders Relationship Committee, and Nomination and Remuneration Committee and also the directors individually. Pursuant to guidance note of SEBI on Board Evaluation, the forms used for evaluation exercise were reviewed and revised by the Nomination and Remuneration Committee and the evaluation process was carried out. The manner in which the evaluation was carried out and the process adopted has been mentioned in the Corporate Governance Report.

### Familiarisation Programme for Independent Directors

On their appointment, Independent Directors are familiarized about the Company's operations and businesses. Interaction with the Business Heads and key executives of the Company is also facilitated. Detailed presentations on the business of each of the Division are also made to the Directors. A manual containing all important

policies of the Company is also given to the directors. Direct meetings with the Chairman and the Managing Director are further facilitated for the new appointee to familiarize him/her about the Company/its businesses and the group practices.

As part of the familiarization programme, a handbook is provided to all the Directors including Independent Directors at the time of their appointment. The handbook provides a snapshot to the Directors of their duties and responsibilities, rights, appointment process and evaluation, compensation, Board procedure and stakeholders' expectations. The handbook also provides the Directors with an insight into the Group's practices. The details of familiarisation programme as above are also disclosed on the Company's website.

### Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a policy for selection and appointment of Directors, Senior Management and their remuneration. Salient features of the Remuneration Policy is set out in the Corporate Governance Report. The Remuneration Policy is available on the Company's website at http://www.coromandel.biz/csr_policy.html.

### Risk Management Policy

The Company has constituted a Risk Management Committee. Details of constitution of the Committee are set out in the Corporate Governance Report. The Company has formulated a Risk Management Policy, under which various risks associated with the business operations are identified and risk mitigation plans have been put in place, details of which are set out in the Corporate Governance Report/Management Discussion and Analysis Report.

### Material Subsidiary Policy

The Company has adopted a policy for determining material subsidiary, in line with the requirements of the Listing Regulations. The Policy on Material Subsidiary is available on the website of the Company at http://coromandel.biz/pdf/InvestorsInformation/PolicyOnMaterialSubsidiary.pdf.

### Dividend Distribution Policy

The Company has adopted Dividend Distribution policy in line with the requirements of Listing Regulations, 2015. The Dividend Distribution Policy is available on the website of the Company at http://coromandel.biz/pdf/2016-2017/InvestorsInformation/DividendDistributionPolicy.pdf

### Board Meetings

A calendar of Board meetings is prepared and circulated in advance to the Directors. During the year 2016-17, seven Board Meetings were held, the details of which are given in the Corporate Governance Report.

### Related Party Transactions

All related party transactions that were entered into during the financial year were on arm's length basis and in the ordinary course of business. There were no material related party transactions made by the Company with the Promoters, Directors, Key Managerial Personnel or the Senior Management Personnel which may have a potential conflict with the interest of the Company at large.

All related party transactions were placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee was obtained for the transactions which are foreseen and are repetitive in nature. The related party transactions entered into are reviewed by an independent audit firm to confirm that they were in the ordinary course of business and at arm's length basis. The Policy on Related Party Transaction is available on the Company's website at http://www.coromandel.biz/pdf/InvestorsInformation/RPT_Policy.pdf.

None of the Directors had any pecuniary relationship or transactions with the Company, except the payments made to them in the form of remuneration, sitting fee and commission.

### Audit Committee

The Audit Committee comprises of Mr. Sumit Bose, Chairman, Dr. BVR Mohan Reddy, Mr. Prasad Chandran and Mr. M M Venkatachalam. All the recommendations made by the Audit Committee were accepted by the Board.

### Auditors

M/s Deloitte Haskins & Sells, Chartered Accountants, were appointed as Auditors of the Company for a period of five years from the conclusion of the Annual General Meeting held on July 23, 2014. As required under the provisions of Section 139 of the Act, a resolution for the yearly ratification of their appointment is being placed before the shareholders for their approval.

### Cost Auditors

Pursuant to Section 148 of the Act, read with The Companies (Cost Records and Audit) Rules 2014, the cost records of the Company are required to be audited. Based on the recommendations of the Audit Committee, your Board has appointed the following Practicing Cost Accountants, to audit the cost records of the Company as per details given below:

| Name of the Cost Auditors | Units covered by the Cost Auditors | Audit Fees (₹ in Lakhs) |
|---|---|---|
| Mr. V Kalyanaraman | All units of the Company at Visakhapatnam, Kakinada and Ennore | 7.00 |
| Mrs. Jyothi Satish | All units of the Company manufacturing Single Super Phosphate at Ranipet, Udaipur, Hospet, Nandesari - Baroda, Kota, Raigad, Nimrani, Raebareili and the Pesticides Units in Sarigam, Dahej, Ranipet, Ankleshwar and Jammu | 4.00 |

The Cost Audit Report for the year 2015-16 has been filed with Ministry of Corporate Affairs within the prescribed time limit as per the Act.

### Particulars of Employees

A table containing the particulars in accordance with the provisions of Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is appended as *Annexure D* to this Report.

A statement containing the name of employee employed throughout the financial year and in receipt of remuneration aggregating ₹ 1,02,00,000 or more and top 10 employees in terms of remuneration drawn, under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is enclosed as *Annexure E* to this Report.

**Extract of the Annual Return**

In accordance with Section 134(3)(a) of the Act, an extract of the Annual Return in the prescribed format is appended as *Annexure F* to this Report.

**Corporate Governance**

The Company is committed to maintain the highest standards of Corporate Governance. As stipulated under the requirements of the Listing Regulations, a report on Corporate Governance duly audited is appended as *Annexure G* for information of the Members. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance is attached to the Report on Corporate Governance.

**Secretarial Audit**

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Board had appointed M/s. R Sridharan & Associates, Practicing Company Secretaries, to undertake the secretarial audit of the Company for the financial year 2016-17. The report of the Secretarial Auditor is enclosed as *Annexure H* and forms part of this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

**Key Managerial Personnel**

Mr. Sameer Goel, Managing Director, Mr. S Sankarasubramanian, Chief Financial Officer and Mr. P Varadarajan, Company Secretary, are the Key Managerial Personnel (KMP) of the Company.

**Conservation of energy, technology absorption, foreign exchange earnings and outgo.**

The particulars as prescribed under Sub-section (3) (m) of Section 134 of the Act, read with Companies (Accounts) Rules, 2014, are enclosed as *Annexure I* to this Report.

**Employee Stock Option Plans**

**Employee Stock Option Scheme 2007 - ESOP 2007**

The Company had in the past, approved an Employee Stock Option Scheme 2007 (ESOP Scheme 2007), under which employees were granted Options. The Company made grants under the said Scheme during the period 2007 to 2011. Number of Options outstanding as on date under the ESOP Scheme 2007 are 6,61,182. It is not proposed to make any further grants under ESOP Scheme 2007.

**Employee Stock Option Plan - ESOP 2016**

The Shareholders have, through Postal Ballot, on January 11, 2017 authorized the Board/Nomination and Remuneration Committee to issue to the employees, such number of Options under the ESOP 2016, as would be exercisable into not exceeding 1,45,81,000 fully paid-up equity shares of ₹ 1/- each in the Company.

The Nomination and Remuneration Committee, is empowered to formulate detailed terms and conditions of the ESOP Scheme 2016, administer and supervise the same. The specific employees to whom the Options would be granted and their eligibility criteria would be determined by the Nomination and Remuneration Committee at its sole discretion. Further, the Nomination and Remuneration Committee is empowered to determine the eligible subsidiary companies, whether existing or future, whose employees will be entitled to stock options under this Scheme.

Options granted under this ESOP 2016 would vest on or after 1 (one) year from the date of grant but not later than 4 (four) years from the date of grant of such Options or any other terms as decided by the Nomination and Remuneration Committee. The Company has granted 21,74,500 options to the employees during the year under ESOP 2016.

The disclosure required to be made under Regulation 14 of the said Regulations is available on the Company's website at http://www.coromandel.biz/inv_financial.html.

**Business Responsibility Report**

Pursuant to Regulation 34 of Listing Regulations, the Company has prepared the Business Responsibility Report in line with business principles as provided in the Business Responsibility Policy adopted by the Company. Business Responsibility Report is enclosed as *Annexure J* to this Report and the same is also available on the website of the Company at http://coromandel.biz/inv_report.html.

**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. 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: Secunderabad
Date: April 28, 2017

# Management Discussion and Analysis

**Coromandel International in brief**

Coromandel is a flagship company of the Murugappa Group and is a subsidiary of E.I.D. Parry (India) Limited which holds 60.74% of the equity share capital in the Company. The Company operates through two major segments: Nutrients & allied business and Crop Protection, offering farming solutions comprising of Fertilisers, Crop protection, Specialty Nutrients and Organic compost. The Company also operates a network of around 800 rural retail outlets under its retail business across Andhra Pradesh, Telangana and Karnataka. The Company has 15 manufacturing facilities located in Andhra Pradesh, Tamil Nadu, Karnataka, Maharashtra, Madhya Pradesh, Uttar Pradesh, Rajasthan, Gujarat and Jammu & Kashmir. The Company's products are marketed all over the country through an extensive network of dealers and its own retail centers. The crop protection products are exported to various countries.

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

a) CFL Mauritius Limited

b) Parry Chemicals Limited

c) Dare Investments Limited

d) Liberty Pesticides and Fertilizers Limited

e) Coromandel Brasil Limitada

f) Sabero Organics America SA

g) Sabero Australia Pty Limited

h) Sabero Europe BV

i) Sabero Argentina SA

j) Coromandel Agronegocios de Mexico SA de CV

k) Coromandel SQM (India) Pvt Limited

l) Yanmar Coromandel Agrisolutions Private Limited

m) Sabero Organics Philippines Asia Inc.

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

**Economic Review**

During the year, the global economy remained subdued as multiple forces resulted in uncertain business environment and affected growth across major economies- Brexit, US elections, China's slowdown, increasing debt and weakened currency and political uncertainty in Europe. Emerging & developing economies strengthened slightly in 2016 to 4.2% after five consecutive years of decline, accounting for over three-quarters of projected world growth. Commodity exporting economies continued to experience weakness as sluggish productivity and demographic factors in major economies weighed down growth prospects. However, the industrial commodities are beginning to show signs of revival - Crude oil prices have risen to USD 55/barrel in 2017 from USD 43/barrel in 2016 on lower output arrangement between OPEC & non OPEC members; metals and agriculture commodities are likely to pick up in 2017 due to supply constraints and higher input cost.

Going forward, IMF projects the economic activity to pick up pace, with global growth expected to rise to 3.4% in 2017 and 3.6% in 2018, from a 2016 rate of 3.1%, with emerging and developing economies contributing the major share. However, protectionism policies, tightening of global financial conditions, slowdown in China and geo political tensions may present negative risks to global growth.

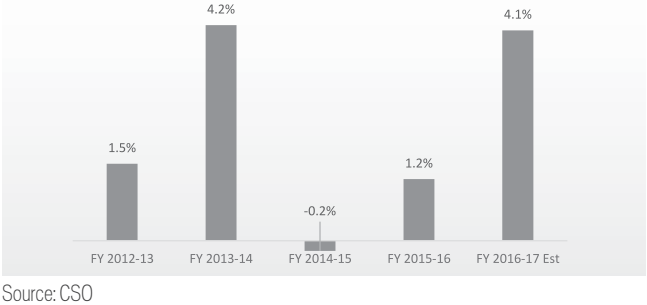
Inspite of the challenging global environment, Indian economy continued its approach towards achieving growth with fiscal consolidation. While the private investment has declined sharply due to stressed balance sheet in corporate sector, Government induced spending through Pay commission implementation resulted in maintaining an overall healthy GVA growth rate of nearly 6.7% in FY 2016-17. Macro-economic indicators like CPI & WPI have been kept under check, while fiscal deficit has reduced to 3.5% levels. Foreign exchange reserves have been up by 3% to USD 370 billion with improved FDIs and bond purchases. During the year, Rupee experienced bouts of volatility triggered by uncertainty due to demonetization and aftermath of US Presidential election results in November-December period. However, it recovered strongly by year end on back of decisive mandate in elections in key Indian states in favour of the Central government, signalling push towards reforms. The year was marked by two major domestic policy developments - Constitutional amendment to Goods and Services Tax (GST) introduction in 2017 and the action to demonetize the two highest denomination notes. While the short term impact of demonetization was felt in the form of slowdown in consumption in cash dependent segments, the benefits are expected to be accrued in medium to long term through digitization and lower interest rates.

As per its latest Monetary Policy Statement, Reserve Bank of India projects the GVA to strengthen to 7.4% in 2017-18 with remonetisation, rate cut induced consumption revival, capital expenditure stimulus by the Government and roll out of GST reforms.

**Agriculture Scenario**

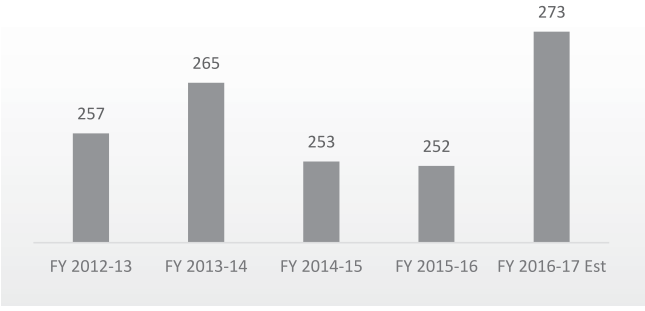
Global agriculture experienced adequate supplies of food grains and stock-to-use ratio is expected to reach 16 years' high (around 26%) - world cereal production in 2016 is projected to increase by 1.5%, with major output grains coming from India, Russia and USA. Global Food Price Index, though marginally lower than 2015 levels, has been continuously gaining momentum from 2nd half of 2016 onwards and agricultural prices are expected to increase modestly in 2017. Going forward, Food & Agriculture Organization estimates another large output in 2017-18 which will keep the world cereal stocks at near-record levels.

**India Agri GVA % (at basic price)**




Source: CSO

**India - Food Grain output (mil tons)**




Source: Ministry of Agriculture

India also benefited from a normal south west monsoon during the year that has resulted in increased crop sowings and consequent higher food output. Overall, sowings were up by 5.5-6.0% with major acreages coming under wheat, pulses and oilseeds. India is expected to register its highest ever food grain output in 2016-17 at 273 million tons, up by 8% over previous year levels which has boosted rural incomes and supported consumption. Further, sharp uptick in MGNREGA expenditure and steady rural wages is likely to improve agriculture GVA by 4.1% in FY 2016-17 (1.2% in 2015-16).

### Agriculture Sector in India

Agriculture is the mainstay of Indian economy providing livelihood to approximately 50% household and ensures food security to 130 Crore people. Inspite of its falling GDP contribution to the overall Indian economy, it holds pivotal significance towards ensuring inclusive growth and alleviating poverty. However, it remains plagued by lower productivity levels due to structural & infrastructural gaps – fragmented land holdings, lower irrigation, imbalanced nutrient usage, low mechanization, weak storage & distribution and gaps in output marketing linkage. Over the last two years, multiple agrarian reforms have been introduced by the government, which aims at doubling the farmer income by 2022. This includes targeting 'Income Security' and laying emphasis on optimal utilization of the country's water resources, creation of new infrastructure for irrigation, conservation of soil fertility with balanced use of fertiliser; and provision of value addition and connectivity from farm to markets. This bodes well for the rural sector, though benefits are likely to be accrued in medium to long term.

### Strategic Business Unit Review

### Fertiliser

Industry overview: Global Markets

The global fertiliser industry had a challenging year - relatively weak farm output prices, high cereal stocks and channel inventory and increased competition due to capacity expansion - resulting in depressed nutrient prices. Fertiliser prices dropped to their lowest levels over the past five years, severely straining producer's earnings. The industry reacted with further cost rationalization, temporary or semi-permanent curtailments of capacity and consolidation.

**World Fertiliser Demand (Mil MT nutrients)**

| | 2015/16e | 2016/17f | 2017/18f |
|---|---|---|---|
| N | 109.0 | 111.6 | 113.0 |
| $P_2O_5$ | 42.1 | 42.8 | 43.5 |
| $K_2O$ | 32.6 | 33.2 | 34.1 |
| Total | 183.7 | 187.6 | 190.6 |

Source: International Fertilizer Association

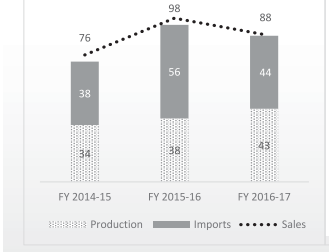
**Global fertilizer demand in 2017 is projected to show a moderate recovery, with an overall increase of 1.5%, to 190.6 Mt nutrients.**

### Industry overview: Domestic Markets

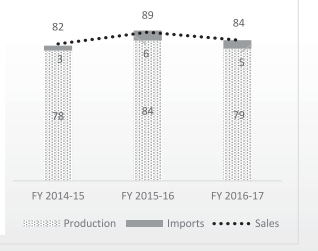
Indian fertiliser markets benefitted from a normal South West monsoon (97% of Long Period Average) that improved crop sowings (nearly 6%) and resulting in swift stock liquidation. Though the North East monsoons were deficit by 14% impacting Rabi sowings in Tamil Nadu and parts of Karnataka & Andhra Pradesh, overall reservoirs remained at comfortable levels. Channel inventory, which was high during the start of the year, has been reasonably brought down due to higher liquidation and lower industry sales in 2016-17.

During the year, industry's Phosphatics sales have fallen by 8% - DAP dropped by 10% and NPKs dropped by 5%. DAP imports were significantly down by 27%, partially substituted by domestic manufacturing, as softening of raw material prices made the DAP production viable for Indian players.

**DAP (in Lakh MT)**




**NPK (in Lakh MT)**




Source: FAI

During the year, Indian agriculture benefitted from a benign commodity environment – the gains accrued from soft raw material prices were passed on by the fertiliser industry to the farming community. Overall, the farm gate prices were moderated downwards in 15 -20% range, that resulted in better product take off and improved consumption at farmers' end.

Over the past year, industry witnessed multiple consolidation & expansion in Indian Fertiliser space with global and domestic players investing significantly for expanding markets and capacities. This is likely to improve domestic product availability, going forward.

### Government Policies

In line with the agenda of doubling the farmer's income in the next five years, Government has focused on the areas to address Food Security, Soil Security and Income Security.

Food Security: To address Food Security, Government plans to increase domestic productivity by strengthening infrastructural framework. Towards this, focus is given on developing irrigation capabilities, improving access to agri inputs & quality testing through Model Retail outlets and expanding farm credit. During the year, Government established the buffer norms for pulses to address inflationary trends and reduce dependence on imports.

Soil Security: Through the Soil Health Scheme, Government plans to map the soil health of all the 14 Crore farm holdings across India and link it to the Aadhar card for better subsidy targeting. Cumulatively, since 2015-16, against a target of 2.5 Crore soil samples, 2.8 Crore samples have been collected. Further, during the year, Government extended marketing assistance to Organic manure to promote balanced nutrition and improve soil health.

Income Security: During the year, Crop Insurance Scheme was introduced offering improved crop coverage (post-harvest losses) at lower premium rates (1.5% for Rabi, 2% for Kharif, 5% for Horticulture) and better technology for assessing losses. It is planned to increase its coverage from current levels of 30% to 40% in 2017-18 and 50% in 2018-19. To improve output price discovery mechanism, electronic trading platform, 'e National Agricultural Market' was launched during the year. In last one year, 3.9 million farmers have joined the platform and government plans to connect all 585 markets by March 2018 from current levels of 250.

On the Fertiliser reforms front, Direct Benefit Transfer (DBT) was rolled out on a pilot basis across 16 districts in India with a view to improve the quality of service delivery to the farmers. The DBT system entails 100% payment of subsidy to the Fertiliser manufacturing/importing companies on the basis of actual sales by the retailers. While it may keep a check on the product diversion to non-agriculture sectors, benefits to the farmers may be realized in medium term.

During the year, Government provided impetus to domestic fertiliser manufacturing by bringing in freight policy changes enabling access to newer markets. To improve domestic Urea output, production beyond re accessed capacity has been made attractive. With the implementation of New Urea Policy and pooling of natural gas, focus is being shifted towards improving manufacturing efficiencies of the Urea units. Further, neem coating of Urea has helped in improved nutrient efficiency thereby reducing consumption. However, the current price disparity between Urea and Phosphatic fertilisers continues to impact the incessant usage of Urea, affecting the soil health and subsequent crop yield.

Post the implementation of Nutrient based Subsidy (NBS), the subsidy values for P and K fertilisers has been coming down significantly and the share of subsidy in overall realization currently stands at 32% against 62% six years before.

| Nutrient (₹/kg) | 2015-16 | 2016-17 | 2017-18 | % Change over LY |
|---|---|---|---|---|
| N | 20.875 | 15.854 | 18.989 | 20% |
| P | 18.679 | 13.241 | 11.997 | -9% |
| K | 15.5 | 15.47 | 12.395 | -20% |
| S | 1.677 | 2.044 | 2.240 | 10% |

Source: GoI

**In line with international raw material prices, the NBS rates for 2017-18 have been revised**

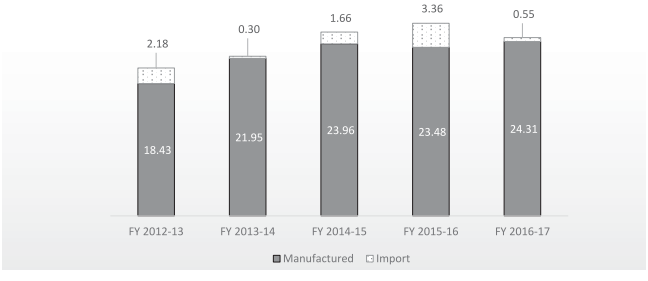
For FY 2017-18, quantum of subsidy has been kept same at last year levels, with a slight redistribution between P & K imports and Urea. With this, it is expected the subsidy outgo will match the industry requirements for the year.

**Coromandel Fertiliser Performance**

Coromandel ranks among the pioneers in developing fertiliser sector in India, with its Ranipet plant (EID Parry) being the first unit to start SSP production in 1906. Over the years, Coromandel has gained magnitude by means of expansion and acquisition and current capacity stands at 3.5 million tons. Being the largest private sector Phosphatic fertiliser marketer in India, it accounts for around 24% of the domestic manufacturing capacity. Its production facilities at Visakhapatnam, Kakinada and Ennore provides considerable presence in South, East and West India markets. Coromandel, with its integrated manufacturing facilities at Visakhapatnam and Ennore, features among the lowest cost producers in India. In addition, Coromandel markets imported DAP and MOP and along with its Urea handling contracts at Kakinada in Andhra Pradesh and Kandla in Gujarat, offers complete nutrient solutions to the Indian farmers.

During the year, Coromandel's fertiliser business benefitted from a normal south west monsoon conditions - though the sales were down by 7%, the overall liquidation went up considerably. Company consciously moderated its sales in line with channel inventory levels and available liquidation opportunities. Overall, the market share is maintained at last year levels of 14.5%, inspite of weak North East monsoons in Coromandel's key operating markets of Tamil Nadu, Karnataka, Andhra Pradesh and Telangana.

**Coromandel Phosphatic Fertiliser Sale** (Lakh Ton)




**Coromandel benefited from a benign raw material environment which provided cost competitiveness to domestic manufacturing. Overall, share of manufactured grades moved up to 98% from last year levels of 87%.**

Business continued its approach towards developing a differentiated marketing structure with share of unique grades constituting one-third of the sales. Two new products - Gromor Max and DAP Ultra - were launched during the year and received positive response from the market. With new reforms like GST and DBT expected to commence from 2017-18, Coromandel has positioned itself to take advantage of the changing business environment. Towards this, Business plans to improve customer reach and strengthen its retailer and farm level connect through agronomist based marketing structure. During the year, it has established a team of agronomists to carry out market development, brand strengthening and customer connect initiatives.

2016-17 was remarkable for Coromandel in terms of Safety and Environment performance. Total Recordable Injuries Rate (TRIR), a measure of safety performance of a manufacturing plant, was brought down to 0.44 levels. Vishakhapatnam and Kakinada units achieved PSMS (Plant Safety Management

Systems) score of 4/4 while the Ennore unit also improved upon its earlier score. In order to create safe working environment, Business continues to make dedicated investments towards plant infrastructure, which has ensured structural strengthening across all the units. On the Environment front, Kakinada unit got a rare and unique recognition by United Nations Development Programme (UNDP) when a documentary film, 'Turning a factory into bird sanctuary' covering Kakinada plant was shot with the help of EGREE and put on UNDP website.

On the operations front, the annual Phosphatic fertiliser production remained at last year levels of 24.12 Lakh tons, equalling to a capacity utilization of nearly 70%. Improved phosphoric acid availability during the year led to higher DAP production, and Business has not resorted to any imports. Production of new fortified products like Gromor Max (20:20:0:13 with Elemental S), 24:24:0:8S, Zincated DAP were stabilized with consistent through put and desired product quality. In line with business's strategy to achieve self-sufficiency in Phosphoric Acid production, Vishakhapatnam plant underwent public hearing for the capacity augmentation project.

Overall, Fertiliser operations sustained production volumes by maintaining cost leadership through effective and efficient operations.

**Crop Protection Performance**

The year 2016-17 was characterized by low pest incidence in major markets resulting in lower consumption of pesticides, which was further exacerbated by the high inventory levels in the distribution system. The depreciation of major currencies against the US dollar by more than 20% resulted in demand contraction in Coromandel's key LATAM, African and Asia Pacific markets. Overall, industry is expected to contract by 2.4% to approximately USD 50 billion levels.

Global Crop Protection Market, USD million

| Region | 2015-16 | 2016-17 | % change |
|---|---|---|---|
| Latin America | 14,052 | 13,076 | -6.9 |
| Asia | 14,040 | 13,866 | -1.2 |
| Europe | 11,604 | 11,453 | -1.3 |
| North America | 9,356 | 9,475 | 1.3 |
| Rest of the world | 2,158 | 2,115 | -2.0 |
| Total | 51,210 | 49,985 | -2.4 |

Source: Phillips McDougall

Despite the adverse conditions, exports segment registered value growth in 2016-17, aided by higher demand for its key molecule Mancozeb and effective utilization of the additional capacity created at its units in Sarigam and Dahej. Though the currency fluctuations and paucity of dollars in the banks impacted high volume insecticide business in the African market, overall Exports segment benefitted from a soft raw material, energy and a stable rupee, contributing to its healthy profitability. Further, Business expanded its presence in new geographies by means of 63 registrations, providing significant footholding in international markets.

On the formulations front, new product launches and scaling up of captive generic sales kept the domestic growth afloat. During the year, Business improved its sales spread through strengthening demand generation activities and maintaining focus on specialty products. In order to strengthen field & channel level activities, technology interventions and dealer engagement initiatives were introduced.

In line with growth opportunities for Mancozeb in international markets, Business undertook debottlenecking at its Sarigam plant to improve product throughput. Further, brownfield Mancozeb expansion was carried out at Dahej unit, improving the product availability. The Environmental Management System were strengthened as Multi Effect Evaporator (MEE) operations were stabilized on account of improvement in pre-treatment scheme implementation for reduction in scaling material. Business implemented behavior based safety concept across the plants and plans to extend the Process Safety Management System to all the Crop Protection units in 2017-18. R&D lab at Hyderabad, which commenced its operations from 2015, supported the business through process improvements to bring down the costs and creating a roadmap for development and introduction of off patent and combination products.

**Retail**

Coromandel Retail, which operates around 800 stores in Andhra Pradesh, Telangana and Karnataka, has evolved as a 'Complete Farming Solution Multi-Brand Platform' offering the entire range of agri-input products and services to over 2.8 million farmers with a customer value proposition of 'Quality, Trust and Farm Advice'. The Retail centres are called 'Mana Gromor Centres' in Andhra Pradesh & Telangana and 'Namma Gromor Centres' in Karnataka.

The Retail Business strengthened its operational efficiencies delivering an improved performance in FY 2016-17. The growth in business was driven by the robust performance of non-fertiliser categories, focused execution of demand generation enablers, various supply chain interventions and crop- specific project approach. The focus remained on customer centric initiatives like Gromor Precision demos where crop trials were organized to demonstrate the benefits of improved agricultural practices to the farmers. 'Gromor Nutrient Manager' tool helped in delivering 2.5 Lakh nutrient recommendations to the farmers based on soil nutrient levels to improve farmer returns. Use of digital tools for deployment of customer analytics, operating customer loyalty programs & customer schemes and strengthening of agro-technical advisory aided in customer acquisition and higher repeat purchase.

In line with government's mandate to improve soil and seed testing facilities for the farmers, Coromandel transformed 450 centers as Model Retail Outlets (Kisan Suvidha Kendra). Further, to ensure seamless availability of agri inputs during demonetization period, the Business partnered with state institutions to install PoS machines and promote awareness of digital transactions at all its Retail centers.

**Specialty Nutrients**

Specialty Nutrients SBU, which comprises of Water Soluble Fertilisers (WSFs), Sulphur products and Micro nutrient segments, showed steady growth over last year as business benefited from growing WSF market and favourable seasonal conditions. Overall, water soluble volumes were up by 25%, buoyed by growth in South and West India markets.

During the year, business continued crop based marketing approach by targeting high value crop segments and introduced new crop specific WSF products and chelated micro nutrients mixtures. With Government's focus to improve country's pulse output, Coromandel introduced 'Speedfol Pulses' foliar range, which has received positive feedback from the farming community. Field efficacy trials were carried out with new products and business plans to introduce these new grades in 2017-18. Business leveraged strength of its JV

partner SQM in customizing crop solutions and developing crop knowledge. With expectation of normal monsoons, supply efficiencies, increased coverage through integrated nutrition team structure and focused approach in selected areas, SBU plans to achieve significant growth going forward.

**Organic**

Organic Fertilisers business is considered as the future of fertiliser industry in the country as the replenishment of organic matter in the soils is the key to productivity. Coromandel has made pioneering efforts since 2009 in the area of soil health enrichment by marketing various composts like City compost, pressmud compost etc., which are rich sources of organic carbon.

During the year 2016-17, Coromandel continued its commitment towards improving soil health and creating awareness among the users. Towards it, Business conducted more than 30,000 organic carbon tests in the farmer's field. Coromandel responded well to the call of Central Government and adopted 10 villages for promoting city compost. With the market development assistance for City Compost being introduced during the year, Coromandel marketed around 20,000 tons of product, making it the largest seller of City Compost in India. Business received traction as favourable south west monsoons improved soil application opportunities - overall, sales were up by 26% to 1.3 Lakh tons. With a highly diversified product range like City Compost, Pressmud, K-ash (Potash derived from molasses), cake mixtures, PROM (Phosphate rich organic manure), soil conditioners like Ca-Mg-S and branded gypsum in its portfolio, Coromandel expects to offer unique solutions to the farming community and improve health of Indian soils.

**Single Super Phosphate**

SSP business environment remained largely subdued during 2016-17, especially in the first half, owing to subsidy drop and high channel inventory. Under such scenario, Business consciously moderated its sales to 4.8 Lakh tons, with major focus on improving business cash flows. Overall, Business improved its performance during the year through a combination of better manufacturing efficiencies, strategic sourcing, plant rationalization through production redistribution and plant debottlenecking and bringing in market discipline.

Business continued to demonstrate through 'Quick Testing' the superiority of its SSP vis-à-vis competition. Quick Testing done through mobile kits enabled farmers to assess the water soluble $P_2O_5$ in SSP within minutes for distinguishing SSP quality. This service was extended to farmers across several states and Business conducted over 750 such tests in 2016-17. Going forward, Coromandel plans to partner with the Government in creating quality consciousness among the farming community through usage of the kit.

The SSP Business, which has been certified with Integrated Management System (ISO 9001 for Quality Management, ISO 14001 for Environment Management and OSHAS 18001 for Occupational Health and Safety Management System) by British Standards Institution, continued its focus on Quality, Safety and Environment. Further, Business has embarked on improving technology and technical capability to improve throughput, efficiencies and cost optimization across plants.

**Opportunities & Strengths**

**Opportunities**

- Agriculture reforms targeted at doubling farmer income over next five years to support agri inputs consumption for improving crop yields
- Irrigation projects and Micro irrigation focus to reduce dependence on monsoon and improve nutrient use efficiency
- Infrastructure development- Cold Chains, rural connectivity (133 km roads/day), 100% rural electrification by May 2018 to improve market access
- Higher disposable income on account of improved Miminum Support Price (MSP), augmented MGNREGA allocation, better price discovery through electronic National Agriculture Market and price support through crop insurance scheme
- Government's focus towards improving soil health through Soil Health Cards and Organic fertiliser marketing assistance to promote balanced nutrition practices and organic usage. Further, Direct Benefit Transfer to improve subsidy targeting and increase soil health based recommendations.
- Technology dissemination in rural India through JAM (Jan Dhan, Aadhar enablement and Mobile penetration) to improve farmer connect and improve marketing opportunities

**Strengths**

- Strong product portfolio offering complete crop package across its value chain encompassing sowing to harvesting solutions
- Differentiated crop solutions provider with nearly one-third of domestic sales coming from unique products
- Significant presence in agriculturally rich markets of Andhra Pradesh, Telangana, Maharashtra, Karnataka and West Bengal through Fertilisers. Market leaders in SSP dominant North, West and Central India markets.
- Strong brands of 'Gromor', 'Godavari' and 'Double Horse' commanding significant farmer goodwill
- Significant exports presence in Latin America, Africa, Europe and Asia through Crop Protection operations offers market diversification opportunities
- Direct consumer connect through 800 Mana Gromor Centers in Andhra Pradesh, Telangana and Karnataka offering products and services to around 2.8 million farmers
- Joint Venture in Water Soluble Fertilisers and farm implements with SQM, Chile and Yanmar respectively
- Captive Phosphoric Acid and Sulphuric Acid manufacturing capacity improving the cost structure of Phosphatic products

## Financial Review

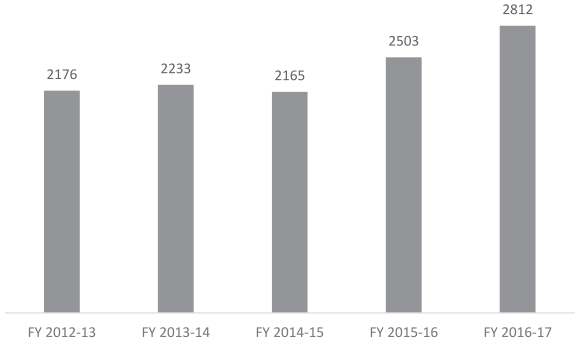
The Company's overall financial performance for the year 206-17 has been good. The total revenue stood at ₹ 10,239 Crore in 2016-17 as compared to ₹ 11,690 Crore in the previous year. The Company's PBT is ₹ 712 Crore as compared to ₹ 529 Crore in the previous year, and PAT is ₹ 477 Crore as compared to ₹ 358 Crore in the previous year.

The Company generated ₹ 992 Crore (2015-16: ₹ 944 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 ₹ 917 Crore (2015-16: ₹ 18 Crore).

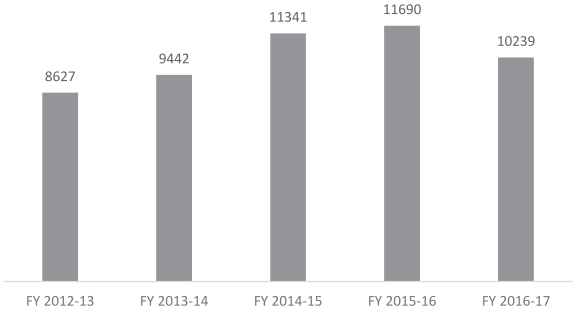
During the year, the net working capital continued to remain high due to increased Trade receivables and delay in 10% subsidy disbursements. The Company has repaid its long-term loan during the year and became a zero long term debt Company. The total debt: equity ratio stood at to 0.79 as against 1.07 in the previous year. The Company's liquidity position continues to remain healthy with year-end cash and bank balance of ₹ 164 Crore of temporary surplus retained in short term bank deposits/current accounts in addition to term deposits of ₹ 515 Crore with HDFC Limited. The Company's long term credit rating by 'CRISIL' continued to be 'CRISIL AA+ (stable)' and short term debt rating at 'CRISIL A1+'.

## Value Creation and Financial Analysis

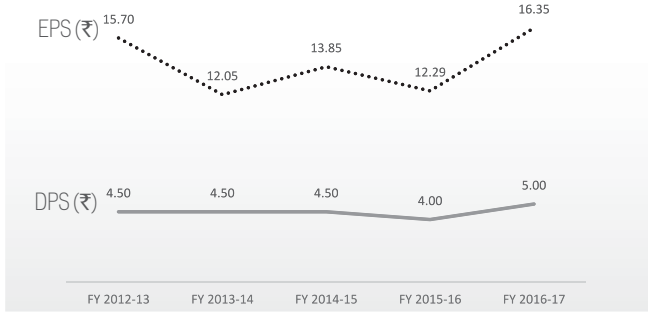
### Net worth (₹ in Crore)



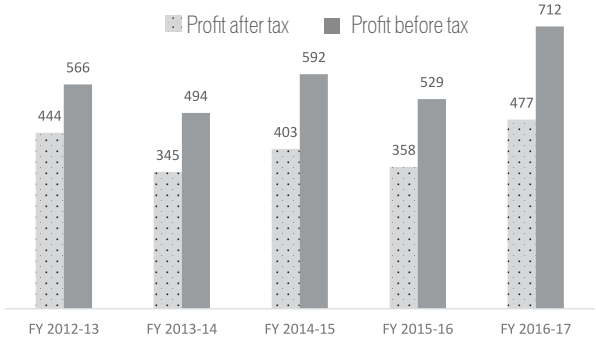

### Revenue trend (₹ in Crore)



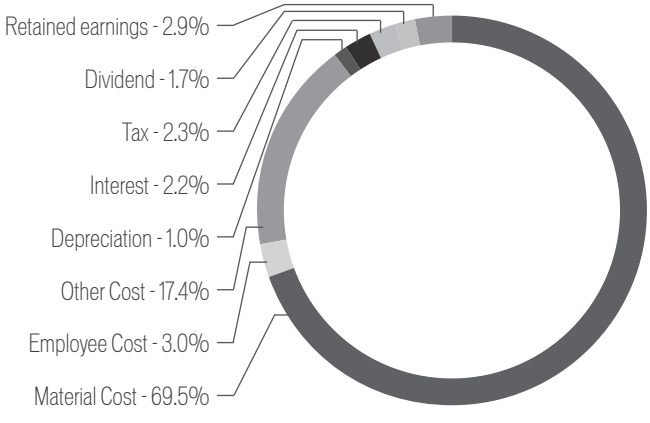

### Earnings and dividend per share



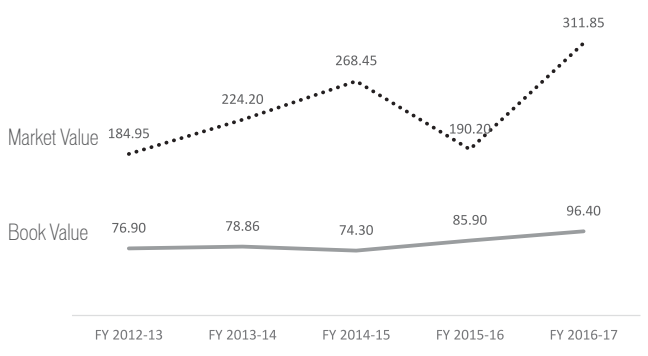

### Profitability trend (₹ in Crore)




### Distribution of income during 2016-17 (in %)




### Book value and market value per share (in ₹)



## Outlook

World fertilizer demand is seen as expanding moderately in 2017. Close to 100 new production units and expansion projects are expected to come on stream in 2016 and 2017, adding 19 Mt nutrients in incremental capacity for primary products (ammonia, phosphoric acid and potash). As per World Bank estimates, prices are generally expected to increase moderately over the medium term due to expected growth in demand and higher energy costs.

On the domestic front also, fertiliser availability is likely to improve over the next two years with new capacities getting added in Urea and Phosphatic fertilisers space. Industry channel inventory has been brought down moderately during 2016-17 and with agrarian and GST reforms taking shape, market is expected to grow 5%-10% in 2017-18. Direct Benefit Transfer (DBT) in Fertilisers is likely to be rolled out across India, though the exact impact on industry and farmer in a short term is yet to be ascertained.

For the year 2017-18, Coromandel plans to strengthen its differentiated business model by moving closer to the customer. Integrated Nutrient Management team deployed in 2016 will be bolstered to enable knowledge dissemination and offer crop solutions to the farmers. Over the past decade, Coromandel has taken a strategic shift by diversifying its product offerings from the traditional subsidy based businesses to value added farming solutions - Crop Protection Chemicals, Specialty Nutrients, Organic Manure, Retail Centers, Farm Mechanization and technologically superior products have been added to the portfolio during this period. For the year 2017-18, Company will continue to invest and scale up its presence in these new businesses. With brisk digitization in rural India post demonetization, Coromandel plans to leverage technology platform for business transformation by focusing in areas of knowledge dissemination, supply chain and customer communication. Company will strengthen its field level controls for inventory and receivables management through supply chain efficiencies and strengthening Risk Management framework.

With expectation of DBT & GST reforms getting implemented in 2017-18, Fertiliser SBU will position itself to take advantage of the changing business environment. Towards this, Business will improve customer reach and establish retailer and farm level connect through agronomist based marketing structure. Unique fertiliser products, which currently constitutes one-third of the sales, will continue to be the key focus segment, driving business differentiation and customer trust. Brand building and customer engagement initiatives will be focused upon to drive sustainable business growth. With new freight policy favouring domestic manufacturers, SBU will diversify its presence in the tertiary markets. Further, Coromandel expects 'Make in India' initiative to support the local players and make domestic manufacturing more attractive.

Safety will continue to be a key focus area for the Company, with improvements being targeted on Process Safety Management System (PSMS) and Total Recordable Injuries (TRI) scores. Coromandel plans to bring additional acreage under plantation and minimize wastages at the manufacturing sites, thereby reducing its environmental footprint and improving its green index. On the manufacturing front, Business will focus on achieving operational flexibility through alternate rock and acid usage. As part of achieving self-sufficiency in Phosphoric acid at Visakhapatnam, Business plans to undertake capacity augmentation project after receiving statutory approvals. Infrastructure projects covering strengthening structural stability and improving storage capabilities will be taken upon during 2017-18. Cost optimization and automation initiatives will be taken forward to improve operational efficiencies. On the sourcing side, offtake from Coromandel's phosphoric acid partner Foskor improved during 2016-17 and it is planned to work closely with TIFERT to improve acid availability, going forward.

Crop Protection SBU has targeted growth across its business segments – Exports, Formulations and Domestic B2B. Enhanced capacity of Mancozeb from Sarigam plant and Dahej plant will be leveraged to gain market access in new geographies. In the domestic brand business, SBU plans to streamline operations through targeted market approach and channel engagement initiatives. On the product front, portfolio expansion with new registrations of own and third party products combined with label expansions on additional crops is planned. On the manufacturing side, developing cost competencies through manufacturing efficiencies coupled with better asset utilization is being planned. Safety focus through structural strengthening, behavioural safety systems and integrated management system will be initiated during 2017-18.

Retail SBU plans to improve customer value proposition through introduction of marketing services like Seed-to-Harvest recommendations, Scientist visit at stores, Technology tools to connect the farmers to agri-experts, etc. To improve customer retention, a robust customer loyalty program along with analytics driven recommendations will be employed. Business will explore expansion opportunities by offering additional products and services and moving into new markets.

Specialty Nutrients SBU plans to bring focus in high potential districts and strengthen field promotions and research. Sales promotion efforts will be focused around profitable crops to maximize value capture. To ride on increasing government support for drip irrigation, business will strengthen fertigation adoption in drip areas. Today, about 80% of the drip farmers are yet to use Water soluble fertilisers (WSF) for fertigation. The partnership with SQM group will be utilized to test market and introduce crop specific WSF grades to improve nutrient use efficiency and improving crop productivity.

SSP Business will focus on improving its performance through focusing on primary markets for logistics efficiency, improving the customer centricity through focused project approach and creating quality awareness through quick test campaigns. Channel engagement and tie-ups with institutions like processing units, government boards where SSP can be applied will be taken up for 2017-18.

Overall, with a normal monsoon expectation, moderated channel inventory and strengthened business processes, Coromandel expects to sustain its growth momentum for 2017-18. Going forward, Company plans to strengthen its existing operations and capture new opportunities through expanding its markets, product & services, business adjacencies and agri technologies.

## Risk Management

Risk management is a very important part of the Company's business policy. Coromandel's Risk Management structure spans across different levels and the Company continuously identifies, classifies and formulates mitigation measures. Coromandel has a Risk Management Committee, comprising of three Directors, of which one is an Independent Director who chairs the committee meetings. The committee members along with the senior executives and Business Heads of the Company carry out regular review of risk management practices and evaluate their implementation status. The key risk management practices include 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 analyzed 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 and 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.

**Risk Categories**

The risks associated with the Company's businesses are broadly classified into six major categories:

Environmental Risk: The Company may face litigation and penalty due to adverse impact of its effluents on eco-system.

Economic Risk: due to downturn or adverse political situations which may negatively impact on the Company's 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 & distribution operations, tangible or intangible property and 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 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.

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

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

| Risk | Risk Impact | Mitigation Plan |
|---|---|---|
| **Environmental / Economic / Regulatory Risks** | | |
| Handling and storage of hazardous materials including, Ammonia , SO2, etc. | - Impact on operations<br>- Stoppage of production<br>- Accidents resulting from release of the hazardous materials and consequent claims | • Strict PSMS Implementation<br>• Strict adherence to maintenance/inspection schedules, training and emergency/disaster management plans.<br>• Public Liability Insurance Policy<br>• ISO 14001 & OHSAS 18001 |
| Un-treated effluents causing pollution | - Revocation of factory license<br>- Civil/criminal action | • Augmenting ETP facilities<br>• Strict adherence to PC standards |
| Non-compliance with Legal/Regulatory/Tax Compliance -Including other Countries | - Disruption of operations<br>- Legal proceedings against the Company and its officials. | • Understanding/awareness of regulations and statutes<br>• Engagement/advice by renowned lawyers and experts<br>• Monitoring regulatory changes |
| Non-compliance with FCO Standards & Specifications | - Civil/criminal proceedings<br>- Production stoppages<br>- Disallowance of subsidy claims | • Rigid quality checks at Plants<br>• Test verification of bags<br>• Reprocessing of non-standard materials<br>• Better bags handling procedures |
| Change in Government Subsidy Policies | - Impact on turnover/working capital<br>- Change in product mix<br>- Change in distribution pattern | • New NBS Policy – greater clarity/certainty<br>• New grades/customized Fertilisers<br>• Increased focus on non-subsidy Business<br>• Optimisation of rail road transportation.<br>• Liaison with Government |
| Restriction on sale/usage of some crop protection products in India/abroad | - Impact on turnover/profitability<br>- Negative publicity | • Development of newer and safer technical;<br>• Extension of product life-cycle |

| Risk | Risk Impact | Mitigation Plan |
|---|---|---|
| **Operational Risks** | | |
| Volatility in the price of key raw materials | - Impact on revenues.<br>- Increased cost of production<br>- Increase in working capital requirement<br>- Volume shrinkage | • Close monitoring of international price of raw materials.<br>• Tie-up for expanded product range |
| Product life-cycle obsolescence | - Impact on turnover/profitability | • Identification of new off-patent molecules<br>• R&D initiatives |
| Introduction of pest/resistant BT crops or change in crop pattern | | • Identification of emerging pests and suitable molecules<br>• Introduction of new products |
| Loss due to shrinkage at Rural Retail Centers | - Impact on profitability<br>- Financial loss | • Close monitoring of inventory, regular inspection/audit<br>• Daily MIS |
| **Financial Risks** | | |
| Currency and exchange fluctuation risk | - Under recovery of Subsidy<br>- Impact on profitability | • Close monitoring of exchange trend<br>• Forward / Option covers at appropriate time and level |
| Interest rate risk | - Increase in cost of borrowing<br>- Impact on profitability | • Healthy debt-equity and interest cover ratio<br>• Sustain good credit rating<br>• Combination of fixed and floating rate debt |
| Credit risk | - Impact on working capital<br>- Dues becoming bad<br>- Loss of interest | • Review of credit evaluation and limits<br>• Close monitoring of receivables |
| Liquidity risk | - Impact on working capital<br>- Increase in cost of borrowing | • Preparing cash forecasts and close monitoring of working capital<br>• Increased working capital facilities<br>• Securitization |
| **Legal & Human Resource** | | |
| Contractual Liability Risk | - Disruption of operations<br>- Impact on turnover & profitability | • Clearance from legal cell<br>• Independent experts' services for important contracts |
| Attrition of skilled / trained manpower | - Disruption of operations<br>- Knowledge dissipation | • Compensation revision in-line with market<br>• Succession Planning<br>• Career planning and training |

### Internal Financial 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 resources. These systems are reviewed and improved on a regular basis. Coromandel has a comprehensive budgetary control system to monitor revenue and expenditure against approved budget on an ongoing basis.

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

### Human Resources

Coromandel continues to put people strategy, capability and well-being in the forefront as a key enabler to achieve the organizational goals. All HR initiatives are specifically designed to realize the Company's vision and focus on the areas that are critical for achieving the strategic plan.

As part of Coromandel's HR strategy, following key focus areas have been recognized to achieve business goals: Organisation Design, Talent Acquisition, Talent Retention & Engagement, Talent Management, People Capability building, HR operational excellence and Culture of Quality & Safety.

Few of the key initiatives rolled out during 2016-17 are mentioned below:

Organisation Structure: In the current context of changing Agri scenario wherein Government is striving to double farmer's income, Coromandel need focused approach in engaging with farmers, dealers and sub-dealers on use of balanced nutrients. This needs augmentation of farmer awareness on soil health and right nutrient applications. It's imperative to optimize the market reach through better

synergy among businesses for crop nutrient range of products. Towards this, the sales & marketing teams of multiple SBUs were reorganized into an integrated Nutrient management structure. This is supported by an Agronomist team which manages the crop expertise solutions and help the farm extension activities.

People Capability: Nurturing talent and building leadership pipeline remains a key focus. During the year, Company worked in the areas of sales & manufacturing capability building, leadership development and fostering a culture of innovation. E learning modules were extended to 485-member field team to strengthen Crop Nutrition principles. Retail SBU rolled out 'Continuing Education Program (CEP)' for Retail Store Managers in association with National Centre for Management of Agricultural Extension (MANAGE) for 'Diploma in Agricultural Extension Services for Input Dealers'.

In the manufacturing space, various technical and project management training were conducted covering the aspects of Project Software management, technical knowledge (like Boiler operation, Engineering workshop, Attendant Operator & Chemical Plant trade certificate for Plant operators), skill development and team building.

Employee Engagement & Well-Being: Coromandel continues to lay emphasis on employee well-being, health and engagement through various initiatives. Coromandel aims to prevent work-related illness and occupational diseases through implementation of management system like ISO 14001, OHSAS 18001 and Process Safety Management System (PSMS). The Management Committee reviews the Safety, Health and Environmental performance of the Company through set of key performance indicators like Total Recordable Incident Rate (TRIR) and also promotes the culture of reporting Safety Near Miss incidents by the employees. To enhance safety culture, Coromandel has initiated Cross Locational Audits for Integrated Management System (IMS) to focus on process controls and enhance cross learning among the employees.

Best Practices Sharing: Coromandel, in its consistent drive towards knowledge sharing and learning of best practices among employees, conducted a 2 day Coromandel Quality Summit 'Quest-2017'. This is to enhance the focus and drive towards continual improvement culture across the organisation through implementing various quality systems and tools like Lean Six Sigma, Small Group Activity Projects, Kaizens, 5S and Innovation.

As part of organizational value reinforcement, sensitization and awareness workshops on Murugappa Group's 'Five Lights' - Values and Beliefs, Whistle Blower policy and Coromandel Guide to Business Conduct (CGBC) were organized across locations to promote & reinforce value system of the organization.

Leadership Connect: Coromandel in its endeavour to keep the workforce across geographies connected to the Senior Leadership, continued the enterprise wide quarterly Communication Program 'Chronicle'. As part of this, the Senior Leadership interacts with the employees across locations through webinars.

HR External Recognition: During the year, Coromandel won various external recognitions at National and Global level for the people practices in the areas of employee connect, Total Quality Management, CSR and Labour management initiatives. Few of them are mentioned below.

**Manufacturing**

- Best Management Award from Labour department of Government of Andhra Pradesh for Vizag and Kakinada Plants, May 2016
- Felicitation for 'Excellent contribution to the Society' from Vakalapudi Panchayat, Kakinada Plant, April, 2016
- Coromandel Kakinada Unit received appreciation certificate from Mandal Praja Parishad, Kakinada Rural, East Godavari District, for exemplary service rendered on public health issues in Grama Panchayat

**Employee Involvement in TQM Initiatives**

- Strong commitment award for 5S Sustenance level at Vizag Unit, ABK-AOTS, Tamil Nadu Centre
- Excellence in Suggestion Scheme under Fertilizer Industry, 2nd Rank, Indian National Suggestion Scheme Association
- Excellence and Gold Awards for Small Group Activity Projects from Quality Circle Forum of Indian, Regional and National Chapters

**Retail HR**

- Retail SBU has won the award for the 'Highest Improvement in Employee Engagement Score-2016', amongst all the group companies in the Murugappa Group in the 'Large Business Category'
- Retail HR has won Murugappa 'HR Team' of the year award for Key HR strategic initiatives for the year 2015-16 towards achieving Business Goals

**Corporate Communication**

- Award for 'Chronicle' in Best Employee Communication Category from Public Relations Society of India (PRSI)
- Best House Journal Category for 'Voice' from PRSI as well as from Association of Business Communicators of India (ABCI)
- Award for 'Corporate Social Responsibility Brochure Design Communication' in Best Brochure Design Communication Category from ABCI
- Global Award of Distinction (Silver) for in-house magazine 'Voice', Distinction for 'Voice' Cover page from Academy of Interactive & Visual Arts, New York

**Industrial Relations**

Industrial relations form an essential part of employee engagement. During the year, the industrial relations across all the plants continued to remain cordial and peaceful. The rights of workers to freedom of association and collective bargaining are recognised and respected. There are seven employee associations across the manufacturing locations in the Company, with nearly 939 permanent employees being members of it. During the last year, Coromandel entered into a long term productivity linked incentive scheme in Kakinada Unit and a long term wage settlement in Ankleshwar Unit. Further, discussions are underway for reaching long term settlement of non management cadre staff at Ennore.

For its management and employee practices, Coromandel's Vizag and Kakinada units have received 'Best Management Award' from the Labour Department of Andhra Pradesh during the year.

**Prevention of Sexual Harassment at Workplace Policy**

Coromandel has a Policy on Prevention of Sexual Harassment (POSH) to ensure a harassment free workspace for the employees. Sexual harassment cases are dealt as per the Company policy on prevention of sexual harassment. All the employees are communicated on regular basis on the various aspects of prevention of sexual harassment at work through e-articles and other means of communication.

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, Coromandel has constituted Internal Complaints Committees (ICC). The Company has designated external independent member as a Chairperson for each of the Committee. During the year 2016-17, no cases have been reported on sexual harassment, discrimination and child labour.

Awareness building training programmes (web-based and physical) were carried out to raise awareness on the issue of sexual harassment of women at workplace. Company deployed various women friendly policies like flexi working hours, new maternity policy, conducted a self-defence and wellness programme for women employees as part of Women Day celebration.

**CSR Activities**

Corporate Social Responsibility plays a significant role in the nation building process, and Coromandel's social and developmental initiatives are a step in that direction. The Company's philosophy has always been to be a partner in nation's growth by ensuring overall development and bringing about a perceptible change in the lives of the communities it is associated with. Coromandel's CSR programmes focus on Education, Health, Community Development and Research and Development. Company's concerted efforts strive to achieve positive change through sustainable developmental projects which acts as agents of change in the lives of people.

**Education -** The organisation has been supplementing the efforts of government in ensuring quality education through various community initiatives. These efforts intend at imparting quality education with broader vision building and reducing rate of drop out. Through all these endeavours, efforts have been concerted to develop an enabling environment for the children to attend school on a regular basis and remove blockages which prevented them from doing so. All the initiatives in Education have supported the government programs and the national developmental goals.

Coromandel Girl Child Education Scheme has received an overwhelming response after its relaunch and has served its objective of promoting educational opportunities for girls in rural areas. The scheme was conceptualized with the aim of providing educational assistance to girls to encourage them to continue their education. The scholarship has been designed to reach out to girls, who otherwise dropout from schools after standard IX and X and provide them an opportunity to continue their education. A total number of 2,120 girls have been provided scholarships from 857 schools in 9 different states.

The commitment towards supporting education needs of economically deprived first generation learners at Udbhav School has borne fruitful results. In addition to the monetary support, Coromandel promotes its employees to participate and improve various aspects of child development. Coromandel also supports education to the children born with hearing impairment. At Balavidyalaya, the children are taught to make use of their residual hearing through constant use of suitable hearing aids and develop age appropriate language skills.

The Murugappa Polytechnic College has been imparting quality education & training of international standards in Engineering and Technology to the impoverished.

**Healthcare –** Coromandel believes that an effective growth policy must address the fulfilment of basic needs of the common people, be it education or health. Coromandel's healthcare initiative aims at improving the quality of life of the community on a sustainable basis. A major thrust of Coromandel's CSR initiatives lies in enhancing community health.

Coromandel recognizes the need to support the government health delivery system for effective primary healthcare. Efforts have been initiated to boost institutional deliveries and improve maternal and infant health. Coromandel has undertaken several initiatives with rural communities focusing on promoting integrated healthcare and developing health behavior. The Coromandel Medical Centres have been successful in imbibing the practice of preventive healthcare among the beneficiaries and inculcate awareness towards leading a healthy lifestyle. The Centres have gained tremendous popularity with the people and have emerged as trusted institutions. The Centres have provided quality medical treatment to more than 60,000 people since April 2015.

Sanitation has also become a focus area for delivery to ensure people maintain the desired health standards. The provision of toilets, a concentrated 'Behavior Change' strategy towards its usage and provision of safe drinking water has resulted in improving health standards of the communities.

Coromandel is committed towards organising medical health camps every year by inviting different specialist doctors from in and around the region. These camps are designed as per the health requirements of the communities and aim at improving their awareness levels to ensure disease free life. More than 5,000 people have availed medical services at these camps.

The Coromandel Pediatric Ward in Government General Hospital in Kakinada was refurbished to improve the quality and service levels. During the year, Company donated medical equipment including warmers and photo therapy units in addition to other medical equipment, which has helped in saving lives of critically ill children. The ward is projected as a Model Facility for the hospital and has been showcased to other companies for replication. 9,264 children have availed services at the pediatric wards and the lives of 413 critically ill children have been saved with the help of the Ventilators.

Coromandel has partnered with 'Hrudaya – Cure a little Heart' Foundation to treat underprivileged children with Congenital and Acquired Heart Diseases (CHD) and gives them a chance to live normal, healthy life. 30 children have been operated under the support of Coromandel.

The commitment to ensure quality healthcare to the needy has been strengthened with the support to the AMM Foundation run hospitals, namely the Sir Ivan Stedeford Hospital, AMM Hospital and AMM Arunachalam Hospital. These hospitals help in bridging the gap in the existing health care system.

**Community Development-** Coromandel envisions to make a positive contribution to the underprivileged communities by supporting a wide range of socio-economic, educational and health initiatives. All the projects at Coromandel have ensured community participation in planning and execution of developmental initiatives in order to create ownership and accountability among the community. Coromandel has worked towards strengthening community institutions by forging strong partnerships with the community and government bodies so that development models can become replicable and self-sustaining.

Coromandel has partnered with the Federation of Farmer Associations in Mahabubnagar district of Telangana to establish a sustainable model of development with women farmers. The organisation follows sustainable livelihood approach for understanding, analysing, measuring and alleviating poverty. It takes into account a variety of economic, social, political and ecological factors that impact a person's ability to understand, accept and sustain any livelihood initiative. Through promotion of these livelihood initiatives, Coromandel is spreading awareness about environment protection and conservation, inculcating the spirit of women empowerment and is striving to shape up a greener tomorrow.

Relief activities have been undertaken to provide support to communities affected by natural calamities. Immediate relief activities were undertaken in Mahabubnagar in May 2016 to support communities affected by drought situation by supply of safe drinking water. Coromandel also conducted relief and recovery support activities in the cyclone affected areas in Ennore and Ranipet in December 2016 through ensuring availability of basic amenities like safe drinking water and food.

**Research and Development -** Coromandel is working with Punjab Agricultural University and Aston University to do a three year study on analyzing bio-char as a fertilizer, analyze the energy output for rural application and do a cost benefit analysis for this technology for commercial applications. The work carried includes the installation and commissioning of the equipment; operation of the plant to generate biochar and energy; and field trials of application of biochar made from paddy straw. The project seeks to analyze rice residue bio-char as a fertiliser, use of the energy output for rural application and also conduct a cost benefit analysis for commercial application of the technology.

Studies have also been taken up to ensure environmental sustainability and ecological balance. This include projects managed by Murugappa Chettiar Research Centre (MCRC) in the field of water security and water use efficiency, climate change mitigation and developing solar energy based devices.

The Company takes a holistic consideration of factors that the economically deprived section might be vulnerable to; assets and resources that help them thrive and survive; policies and institutions that impact their livelihoods; how the poor respond to threats and opportunities, and what sort of outcomes the poor aspire to see. With this in view, Coromandel is committed to ensure growth in all paradigms for the people it is associated with.

# Annexures To Directors' Report

## Directors' Responsibility Statement — Annexure A

Pursuant to the provisions of Section 134 (3) (c) and 134(5) of the Companies Act 2013, the Board of Directors of Coromandel International Limited make the following statements, to the best of their knowledge and belief and according to the information and explanations obtained by them;

a) That in the preparation of the annual financial statements for the year ended March 31, 2017, the applicable accounting standards have been followed and there have been no material departures therefrom;

b) That the accounting policies mentioned in Note 3 of the Notes to the Standalone Financials Statements have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profits of the Company for the year ended on that date;

c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) That the annual financial statements have been prepared on a going concern basis;

e) That proper internal financial controls have been laid down to be followed by the Company and such internal financial controls are adequate and operating effectively;

f) That proper systems are in place to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

**On behalf of the Board**

**A Vellayan**
Chairman

Place: Secunderabad
Date: April 28, 2017

# Annexure B

## Statement showing salient features of the financial statements of subsidiaries, joint ventures and associates as per Companies Act, 2013

**Part "A" : Subsidiaries** (₹ in Lakhs)

| Name of entity | Parry Chemicals Limited | Dare Investments Limited | Liberty Pesticides and Fertilisers Limited | CFL Mauritius Limited | Coromandel Brasil Ltda | Sabero Australia Pty Limited | Sabero Organics America SA | Sabero Europe BV | Coromandel Agronegocios de Mexico, SA de CV | Sabero Argentina SA |
|---|---|---|---|---|---|---|---|---|---|---|
| Date on which subsidiary is acquired | 25.09.2003 | 13.04.2012 | 08.05.2014 | 17.06.2008 | 24.11.2008 | 31.12.2014 | 31.12.2014 | 31.12.2014 | 31.12.2014 | 31.12.2014 |
| Share capital | 1,000 | 500 | 75 | 10,281 | 471 | 41 | 888 | 19 | 29 | 18 |
| Reserves and surplus | 593 | 368 | 167 | 8,797 | (605) | (44) | (595) | (21) | 63 | (17) |
| Total liabilities | 3 | 109 | 10 | 12 | 153 | 4 | 131 | 2 | 284 | * |
| Total assets | 1,596 | 977 | 252 | 19,090 | 19 | 1 | 424 | * | 376 | 1 |
| Investments (included in Total assets) | - | 971 | - | 18,818 | - | 1 | - | - | - | - |
| Total income (including other income) | 111 | - | 17 | * | 134 | 10 | 170 | - | 1,068 | 9 |
| Profit/(Loss) before tax | 52 | (1) | 17 | (25) | (10) | 5 | (94) | * | 44 | * |
| Provision for tax | 18 | - | 5 | - | - | - | 1 | - | - | - |
| Profit/(Loss) after tax | 34 | (1) | 12 | (25) | (10) | 5 | (95) | * | 44 | * |
| Proposed dividend (including interim dividend and tax thereon) | - | - | - | - | - | - | - | - | - | - |
| % of shareholding | 100% | 100% | 100% | 100% | 100% | 100% | 99.98% | 100% | 100% | 95% |
| Reporting period | March 31, 2017 | March 31, 2017 | March 31, 2017 | December 31, 2016 | December 31, 2016 | March 31, 2017 | December 31, 2016 | March 31, 2017 | December 31, 2016 | December 31, 2016 |
| Reporting currency | Indian Rupee | Indian Rupee | Indian Rupee | USD | Brazilian Real | Australian Dollar | Brazilian Real | Euro | Mexican Peso | Argentina Peso |
| Closing exchange rate | - | - | - | 67.93 | 20.89 | 49.49 | 20.89 | 69.12 | 3.28 | 4.29 |

*Less than a Lakh

**Notes:**

1. There are no subsidiaries which are yet to commence operations.
2. There are no subsidiaries which have been liquidated or sold during the year.

**Part "B" : Joint ventures/ Associates**

| Name of entity | Coromandel SQM (India) Private Limited | Yanmar Coromandel Agrisolutions Private Limited | Sabero Organics Philippines Asia Inc. |
|---|---|---|---|
| Relationship | Joint venture | Joint venture | Associate |
| Latest audited balance sheet date | March 31, 2017 | March 31, 2017 | December 31, 2016 |
| Date on which the associate or Joint venture was associated or acquired | 09.10.2009 | 14.07.2014 | 31.12.2014 |
| Number of shares held by the Company | 50,00,000 | 1,30,04,000 | 320 |
| Amount of investment (₹ in Lakh) | 500 | 1,300 | * |
| % of shareholding | 50% | 40% | 40% |
| Networth attributable to the Company (₹ in Lakh) | 977 | 724 | * |
| Profit/ (loss) for the year | | | |
| i. Considered in consolidation (₹ in Lakh) | 182 | (248) | * |
| ii. Not considered in consolidation (₹ in Lakh) | 182 | (371) | * |

*less than a Lakh

**Notes:**

1. All the joint ventures/ associates have been considered for consolidation.
2. During the year, Coromandel Getax Phosphates Pte Limited was consolidated upto September 8, 2016, as said joint venture was closed.
3. Sabero Organics Philippines Asia Inc., an Associate did not have any significant operations during the year. There is significant influence due to percentage of voting share capital.

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

Sameer Goel
**Sameer Goel**
Managing Director

**A. Vellayan**
Chairman

**S. Sankarasubramanian**
Chief Financial Officer

**P. Varadarajan**
Company Secretary

Place: Secunderabad
Date: April 28, 2017

# Annexure C

## Annual Report on CSR Activities

| | | |
|---|---|---|
| 1 | A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs. | The Company's CSR Policy has been uploaded in the website of the Company under the web-link http://coromandel.biz/csr_policy.html |
| 2 | The Composition of the CSR Committee as at the end of the year | Mr.Sumit Bose<br>Mr. MM Venkatachalam<br>Mr. V Ravichandran<br>Mr. Sameer Goel |
| 3 | Average net profit of the Company for last three financial years | ₹ 55,600 Lakhs |
| 4 | Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) | ₹ 1,112 Lakhs |
| 5 | Details of CSR activities/ projects undertaken during the year: 2016-17 | |
| a) | Total amount to be spent for the year | ₹ 1,112 Lakhs |
| b) | Amount carried forward from earlier years | ₹ 289 Lakhs |
| c) | Amount spent during the year (as per statement below) | ₹ 1,097 Lakhs |
| d) | Amount Unspent | ₹ 304 Lakhs [out of which committed ₹ 279 Lakhs] |
| e) | Manner in which the amount spent during the financial year is detailed below | |

**(i) Amount spent on CSR Projects committed during the year 2014-15**

₹ in Lakhs

| Sl. No. | CSR Project/activity identified | Sector in which the project is covered | Name of the District/s, State/s where project/programme was undertaken | Amount budgeted | Amount spent in 2016-17 | Cumulative spend upto 31 March 2017 | Amount spent directly/ through implementing agency |
|---|---|---|---|---|---|---|---|
| 1 | Provision of Safe Drinking water through NTR Sujala Pathakam Scheme | Health | East Godavari, Andhra Pradesh | 75.00 | 54.52 | 75.00 | Directly |
| 2 | Improving health of communities through medical camps and other measures | Health | Ennore and Ranipet in Tamil Nadu, Visakhapatnam and Kakinada in Andhra Pradesh, Ankleshwar in Gujarat and Hospet in Karnataka | 68.74 | 8.38 | 68.74 | Directly |
| | **Sub total- (A)** | | | **143.74** | **62.90** | **143.74** | |

**(ii) Amount spent on CSR Projects committed during the year 2015-16**

₹ in Lakh

| Sl. No. | CSR Project/activity identified | Sector in which the project is covered | Name of the District/s, State/s where project/programme was undertaken | Amount budgeted | Amount spent in 2016-17 | Cumulative spend upto March 31, 2017 | Amount spent directly/ through implementing agency |
|---|---|---|---|---|---|---|---|
| 1 | Improving health and hygiene of Communities through Government Scheme - Nirmal Bharat Abhiyan | Sanitation | Sarigam and Ankleshwar in Gujarat | 7.50 | 4.18 | 7.50 | Directly |
| 2 | Improving health of communities through medical camps and other measures | Health | Ennore and Ranipet in Tamil Nadu, Visakhapatnam and Kakinada in Andhra Pradesh, Ankleshwar in Gujarat and Hospet in Karnataka | 15.50 | 8.42 | 15.50 | Directly |
| 3 | Contribution to Balavidyalaya-Supporting children with hearing impairment | Education | Chennai, Tamil Nadu | 14.00 | 0.40 | 14.00 | Directly |
| 4 | Coromandel Girl Child Education Scheme | Education | Throughout Andhra Pradesh (AP), Telangana and Karnataka | 65.00 | 64.19 | 64.19 | Directly |
| 5 | Establishment of hospital at Kakinada | Health | Kakinada, Andhra Pradesh | 150.00 | 11.48 | 11.48 | Directly |
| 6 | Expenditure towards Base line study and administration expenses | Overheads | - | 50.00 | 2.49 | 50.00 | Directly |
| | **Sub total- (B)** | | | **302.00** | **91.16** | **162.67** | |

**Annexure C** (Contd..)

₹ in Lakhs

**(iii) Amount spent on CSR Projects committed during the year 2016-17**

| Sl. No. | CSR Project/ activity identified | Sector in which the project is covered | Name of the District/s, State/s where project/programme was undertaken | Amount budgeted | Amount spent in 2016-17 | Cumulative spend upto 31 March 2017 | Amount spent directly/ through implementing agency |
|---|---|---|---|---|---|---|---|
| 1 | Contribution to Udbhav School | Education | Hyderabad, Telangana | 35.00 | 35.00 | 35.00 | Directly |
| 2 | Improving health conditions for communities through the provision of basic medical services. | Health | Ennore in Tamil Nadu, Visakhapatnam and Kakinada in Andhra Pradesh | 77.42 | 52.89 | 52.89 | Directly |
| 3 | Improving facility at Government hospital | Health | Kakinada, Andhra Pradesh | 9.50 | 9.50 | 9.50 | Directly |
| 4 | Improving health and hygiene of Communities through Government Scheme - Nirmal Bharat Abhiyan | Sanitation | Ankleshwar, Gujarat | 4.70 | 4.70 | 4.70 | Directly |
| 5 | Providing aid to Government hospital | Health | Ankleshwar, Gujarat | 9.50 | 9.50 | 9.50 | Directly |
| 6 | Community Development projects | Health & Empowerment | Vishakhapatnam in Andhra Pradesh and Hyderabad in Telangana | 87.09 | 75.94 | 75.94 | Directly |
| 7 | Improving health of communities through medical camps and other methods | Health | Kakinada, Andhra Pradesh | 7.00 | 7.00 | 7.00 | Directly |
| 8 | Contribution to Balavidyalaya - Supporting children with hearing impairment | Education | Chennai, Tamil Nadu | 60.65 | 60.19 | 60.19 | Directly |
| 9 | Contribution to Hrudaya Cure A Little Heart Foundation | Health | Hyderabad, Telangana | 30.00 | 30.00 | 30.00 | Directly |
| 10 | Utilization of Paddy Straw for Bio-char (Bio-fertilizer) and Energy purposes | Environment Sustainability | Ludhiana, Punjab | 15.00 | 15.00 | 15.00 | Directly |
| 11 | Establishment of hospital at Kakinada | Health | Kakinada, Andhra Pradesh | 100.00 | - | - | Directly |
| 12 | Contribution towards meeting running expenses in Murugappa Polytechnic College | Education | Chennai, Tamil Nadu | 160.00 | 160.00 | 160.00 | Implementing agency |
| 13 | Contribution towards construction and improvement in Sir Ivan Stedeford Hospital | Health | Chennai, Tamil Nadu | 190.00 | 190.00 | 190.00 | Implementing agency |
| 14 | Contribution towards meeting running expenses in AMM Hospital | Health | Sivaganga, Tamil Nadu | 80.00 | 80.00 | 80.00 | Implementing agency |
| 15 | Contribution towards meeting running expenses in AMM Arunachalam Hospital | Health | Cuddalore, Tamil Nadu | 75.00 | 75.00 | 75.00 | Implementing agency |
| 16 | Research and Development on Climate Change Mitigation | Environment Sustainability | Kancheepuram, Villupuram, Sivaganga, Karur, Dindigul and Coimbatore in Tamil Nadu | 50.00 | 50.00 | 50.00 | Implementing agency |
| 17 | Initiative for Moral and Cultural Training Foundation | Education | Tamil Nadu | 12.50 | 12.50 | 12.50 | Implementing agency |
| 18 | Promotion of the usage of cloth bags | Environment Sustainability | Maharashtra | 20.00 | 20.00 | 20.00 | Implementing agency |
| 19 | Supporting livelihood opportunities to women farmers | Rural Development | Mahabubnagar in Telangana and Vishakhapatnam in Andhra Pradesh | 20.00 | 15.66 | 15.66 | Directly and implementing agency |
| 20 | Expenditure towards administration expenses | Overheads | - | 40.00 | 40.00 | 40.00 | Directly |
| | **Sub total- (C)** | | | **1,083.36** | **942.88** | **942.88** | |
| | **Total amount spent during the year (A+B+C)** | | | | **1,096.94** | | |

6 Implementation of certain CSR projects are pending for regulatory approvals and are spread over the subsequent financial year. Expenditure on such projects will be incurred in the following year.

7 The implementation of and monitoring of CSR policy, is in compliance with CSR Objectives and Policy of the Company.

Sameer Goel.

**Sameer Goel**
Managing Director

Place: Secunderabad
Date: April 28, 2017

**Sumit Bose**
Chairperson-CSR Committee

# Annexure D

**The details of remuneration during the year 2016-17 as per Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 are as follows:**

| Sl. No | Disclosure Requirement | Disclosure Details | |
|---|---|---|---|
| i. | Ratio of Remuneration of each Director to the median remuneration of the employees of the Company for the financial year: | **Non- Executive Directors** | **Ratio to median remuneration** |
| | | Mr. A Vellayan | 59.86 |
| | | Mr. V. Ravichandran | 2.99 |
| | | Dr. B V R Mohan Reddy | 3.30 |
| | | Mr. M M Venkatachalam | 3.36 |
| | | Mrs. Nirupama Rao* | 1.61 |
| | | Mrs. Ranjana Kumar** | 0.94 |
| | | Mr. Prasad Chandran | 3.13 |
| | | Mr. Sumit Bose | 3.34 |
| | | **Managing Director** | |
| | | Mr. Sameer Goel | 93.61 |
| ii. | Percentage increase in the remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year | **Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary** | **% increase in remuneration in the financial year @** |
| | | Mr. A Vellayan | 0.12 |
| | | Mr. V. Ravichandran | 1.52 |
| | | Dr. B V R Mohan Reddy | 2.30 |
| | | Mr. M M Venkatachalam | 1.35 |
| | | Mrs. Nirupama Rao* | - |
| | | Mrs. Ranjana Kumar** | - |
| | | Mr. Prasad Chandran | 5.50 |
| | | Mr. Sumit Bose# | - |
| | | Mr. Sameer Goel## | - |
| | | Mr. S. Sankarasubramanian | 24.66 |
| | | Mr. P. Varadarajan | 16.28 |

Notes: * Joined during the year hence comparison is not possible.
** Ceased to be a Director on completion of her term w.e.f July 22, 2016 hence comparison is not possible.
# Appointed on March 21, 2016 hence comparison is not possible.
## Employed for part of the year (6 months) during 2015-16 and hence not comparable.
@ Increase / Decrease in the remuneration of Non-Executive Directors is due to increase/decrease in the meeting held / attended during the year.

**iii. Percentage increase/(decrease) in the median remuneration of employees in the financial year - 26.30%**

**iv. Number of permanent employees on the rolls of the Company as on March 31, 2017 - 4,309**

**v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

The average annual increase in salaries of employees was around 5.53%. Increase in the managerial remuneration for the year was 38.71%. The remuneration paid to Managing Director for the year 2015-16 was only for 6 months as he joined the Company on October 1, 2015 hence not comparable.

**vi. Affirmation that the remuneration is as per the remuneration policy of the Company:**

The Company is in compliance with its remuneration policy.

# Annexure E

**Statement under Section 134 of the Companies Act 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014**
**Particulars of employees employed throughout the financial year 2016-17 and in receipt of remuneration aggregating ₹ 1,02,00,000 or more and top 10 employees in terms of remuneration drawn**

| Name, Age and Qualification | Designation | Date of commencement of employment | Experience in years | Remuneration Received (₹) | Last Employment |
|---|---|---|---|---|---|
| Aminul Islam, 52<br>M.Sc., Ph.D. (Organic Chemistry) | Vice President - R & D (Crop Protection) | 21-08-2014 | 22 | 86,70,379 | Sr. VP, Chemical Research,<br>Aurobindo Pharma Limited |
| Amir Alvi, 49<br>B.Sc. Engineering (Chemical)<br>PGDBM | Executive Vice President & Head - Manufacturing (Fertilisers) | 01-03-2013 | 26 | 90,33,097 | Vice President (Manufacturing)<br>Tata Chemicals Limited. |
| Arun Leslie George, 50<br>M.A(SW), PMIR | Executive Vice President & Head of Business (SSP) | 01-10-2003 | 27 | 1,09,24,298 | Deputy General Manager-HR<br>EID Parry (India) Limited |
| P Gopalakrishna, 58<br>B.Sc (Ag), PGDM (IIMA) | Executive Vice President- Spl. Nutrients & Business Development | 01-12-2003 | 34 | 1,02,11,218 | Deputy General Manager-Marketing<br>EID Parry (India) Limited |
| S Govindarajan, 54<br>B.Tech (Mech), GDMM (IIMM) | Executive Vice President & Head of Commercial | 26-09-1992 | 32 | 1,11,11,887 | Asst. Manager,<br>National Fertilisers Limited |
| Kalidas Pramanik, 49<br>B.Sc. (Hos) Physics, PGD (IRPM),<br>MBA (Marketing) | Executive Vice President - Marketing (Fertilisers & Organics) | 01-09-2014 | 23 | 82,85,221 | Director - Sales,<br>ACC Limited |
| Ripu Daman Singh, 55<br>Ph.D in Agronomy<br>PLAM (IIMC) | Executive Vice President & Head of Retail | 16-05-2012 | 32 | 97,95,594 | Vice President - Marketing<br>Matix Fertilisers and Chemicals Limited |
| S Sankarasubramanian, 47<br>B.Sc., ICWA | Executive Vice President & Chief Financial Officer | 01-12-2003 | 26 | 1,13,78,612 | Deputy General Manager - Finance<br>EID Parry ( India) Limited |
| Mr. Sameer Goel, 54<br>Masters in Economics,<br>PG Dip. In Management (IIM-A) | Managing Director | 01-10-2015 | 30 | 3,15,13,330 | Country Head-India, Cipla Limited |
| G Veerabhadram, 58<br>M.Sc. (Agr), PGDM (IIMA) | President - Crop Protection | 01-12-2003 | 38 | 1,25,67,186 | General Manager - Marketing,<br>EID (Parry) India 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 above persons is whole time and contractual in nature, terminable with 3 months' notice on either side.
3. There are no employees in the service of the Company within the category covered by Rule 5 (2) (iii) of The Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014.
4. None of the above employees is a relative of any Director of the Company.

**On behalf of the Board**

**A Vellayan**
Chairman

Place: Secunderabad
Date: April 28, 2017

# Annexure F

**Form No. MGT-9**
**EXTRACT OF ANNUAL RETURN**
as on the financial year ended on 31.03.2017
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS:

| | |
|---|---|
| CIN | L24120TG1961PLC000892 |
| Registration Date | 16/10/1961 |
| Name of the Company | Coromandel International Limited |
| Category/Sub-Category of the Company | Public Company/Limited by Shares |
| Address of the registered office and contact details | Coromandel House, 1-2-10, Sardar Patel Road,<br>Secunderabad - 500 003, Telangana.<br>040 27842034/7212 |
| Whether listed company | Yes |
| Name, Address and Contact details of Registrar and Transfer Agent ,if any | Karvy Computershare Private Limited<br>Karvy Selenium Tower B,<br>Plot No. 31-32, Gachibowli, Financial District,<br>Nanakramguda, Hyderabad - 500 032.<br>040 67162222/1616 |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated: -

| Sl. No. | Name and Description of main products/services | NIC Code of the Product/Service | % to total turnover of the Company |
|---|---|---|---|
| 1 | Fertilisers | 20122 | 82 |
| 2 | Pesticides | 20211 | 14 |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

| Sl. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of Shares held | Applicable Sections |
|---|---|---|---|---|---|
| 1 | EID Parry (India) Limited<br>Dare House, Parry's Corner, Chennai - 600 001. | L24211TN1975PLC006989 | Holding | 60.74% | 2(46) |
| 2 | Dare Investments Limited<br>Coromandel House, 1-2-10, Sardar Patel Road,<br>Secunderabad - 500 003. | U65110TG2012PLC080296 | Subsidiary | 100.00% | 2(87) |
| 3 | Parry Chemicals Limited<br>Coromandel House, 1-2-10, Sardar Patel Road,<br>Secunderabad - 500 003. | U74999MH1995PLC088809 | Subsidiary | 100.00% | 2(87) |
| 4 | Liberty Pesticides and Fertilisers Limited<br>Coromandel House, 1-2-10, Sardar Patel Road,<br>Secunderabad - 500 003. | U24124RJ1978PLC001807 | Subsidiary | 100.00% | 2(87) |
| 5 | Coromandel SQM (India) Pvt Limited<br>Coromandel House, 1-2-10, Sardar Patel Road,<br>Secunderabad - 500 003. | U24100TG2009PTC065404 | Joint Venture | 50.00% | 2(6) |
| 6 | Yanmar Coromandel Agrisolutions Private Limited<br>Coromandel House, 1-2-10, Sardar Patel Road,<br>Secunderabad - 500 003. | U29253TG2014PTC094854 | Joint Venture | 40.00% | 2(6) |
| 7 | CFL Mauritius Limited<br>IFS Court, Bank Street,<br>Twenty Eight Cybercity, Ebène 72201,<br>Republic of Mauritius. | 081272C1/GBL | Subsidiary | 100.00% | 2(87) |
| 8 | Coromandel Brasil Limitada<br>Rua Jorge Caixe, 132, sala 01, jd Nomura Cotia,<br>Sao Paulo, Brazil. | 10.599.435/0001-58 | Subsidiary | 100.00% | 2(87) |

**Annexure F** (Contd..)

| Sl. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of Shares held | Applicable Sections |
|---|---|---|---|---|---|
| 9 | Sabero Organics America SA Avenida Raja Gabaglia 1492/605, Gutierrez, Belo Horizont, MG, CEP 30441-194. | 04-016-649/0001-51 | Subsidiary | 99.98% | 2(87) |
| 10 | Sabero Australia Pty Limited, Level 6, 110-116 Sussex Street, Sydney, NSW-2000. | - | Subsidiary | 100.00% | 2(87) |
| 11 | Sabero Europe BV Markerwaardweg 8, 1606 AS, Venhuizen, Postbus 23, 1606 zg,Venhuizen | - | Subsidiary | 100.00% | 2(87) |
| 12 | Sabero Argentina SA Marcelo T., De Alevar 1430. Argentina | - | Subsidiary | 95.00% | 2(87) |
| 13 | Coromandel Agronegocios de Mexico SA de CV (earlier Sabero Organics Mexico S.A. de C.V.) Campos Eliseos 219, 2, Palmas Polanco, Miguel Hidalgo, Didtrito Federal-11560 | - | Subsidiary | 100.00% | 2(87) |
| 14 | Sabero Organics Philippines Asia Inc 2005B 20th Floor West Tower, Philippine Stock Exchange, Exchange Road, Ortigas Center, Pasig City 1605 | - | Associate | 40.00% | 2(6) |

## IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### (i) Category-wise Shareholding

| Category of Shareholders | No. of Shares held at the beginning of the year [As on March 31, 2016] | | | | No. of Shares held at the end of the year [As on March 31, 2017] | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. Promoters** | | | | | | | | | |
| **(1) Indian** | | | | | | | | | |
| a) Individual/ HUF | 34,54,384 | - | 34,54,384 | 1.19 | 30,73,504 | - | 30,73,504 | 1.05 | (0.14) |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | 17,73,69,763 | | 17,73,69,763 | 60.88 | 17,72,52,248 | | 17,72,52,248 | 60.77 | (0.11) |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | 92,970 | - | 92,970 | 0.03 | 92,970 | - | 92,970 | 0.03 | 0.00 |
| **Total (1)** | **18,09,17,117** | **-** | **18,09,17,117** | **62.10** | **18,04,18,722** | **-** | **18,04,18,722** | **61.86** | **(0.25)** |
| **(2) Foreign** | | | | | | | | | |
| a) Individual - NRI | - | - | - | - | 3,80,880 | - | 3,80,880 | 0.13 | 0.14 |
| **Total shareholding of Promoter (A)** | **18,09,17,117** | | **18,09,17,117** | **62.10** | **18,07,99,602** | | **18,07,99,602** | **61.99** | **(0.11)** |
| **B. Public Shareholding** | | | | | | | | | |
| **1. Institutions** | | | | | | | | | |
| a) Mutual Funds | 1,87,31,155 | 2,275 | 1,87,33,430 | 6.43 | 1,83,55,795 | 2,275 | 1,83,58,070 | 6.29 | (0.14) |
| b) Banks / FI | 1,21,064 | 13,853 | 1,34,917 | 0.05 | 3,20,528 | 13,853 | 3,34,381 | 0.11 | 0.06 |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | 39,00,266 | - | 39,00,266 | 1.34 | 34,13,932 | - | 34,13,932 | 1.17 | (0.17) |
| g) FIIs / FPIs | 1,34,59,285 | - | 1,34,59,285 | 4.62 | 1,50,39,554 | - | 1,50,39,554 | 5.16 | 0.54 |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Qualified Foreign Investors - Foreign Bank | -- | 1,840 | 1840 | - | - | 1,840 | 1840 | - | - |

**Annexure F** (Contd..)

| Category of Shareholders | No. of Shares held at the beginning of the year [As on March 31, 2016] | | | | No. of Shares held at the end of the year [As on March 31, 2017] | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| j) Others (specify) | - | - | - | - | - | - | - | - | - |
| **Sub-total (B)(1): -** | **3,62,11,770** | **17,968** | **3,62,29,738** | **12.44** | **3,71,29,809** | **17,968** | **3,71,47,777** | **12.74** | **0.30** |
| **2. Non-Institutions** | | | | | | | | | |
| a) Bodies Corp. | 2,60,09,289 | 55,916 | 2,60,65,205 | 8.95 | 2,41,91,038 | 47,736 | 2,42,38,774 | 8.31 | (0.64) |
| i) Indian | - | - | - | - | - | - | - | - | - |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | - | - | - | - | - | - | - | - | - |
| i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh | 2,13,87,523 | 71,30,237 | 2,85,17,760 | 9.79 | 2,30,92,124 | 69,06,594 | 2,99,98,718 | 10.29 | 0.50 |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh | 59,19,757 | 20,17,990 | 79,37,747 | 2.72 | 67,18,991 | 18,35,830 | 85,54,821 | 2.93 | 0.20 |
| c) NBFC registered with RBI | 17,39,198 | - | 17,39,198 | 0.60 | 1,42,190 | - | 1,42,190 | 0.05 | -0.55 |
| d) Others (specify) | - | - | - | - | - | - | - | - | - |
| i) Non-Resident Indians | 40,92,405 | 7,97,077 | 48,89,482 | 1.68 | 48,02,246 | 7,68,851 | 55,71,097 | 1.91 | 0.23 |
| ii) Overseas Corporate Bodies | 48,00,000 | 1,312 | 48,01,312 | 1.65 | 48,00,000 | 1,312 | 48,01,312 | 1.65 | - |
| iii) Foreign Nationals | 7,880 | 67,460 | 75,340 | 0.03 | 3000 | 67,460 | 70,460 | 0.02 | -0.01 |
| iv) Clearing Members | 48,575 | - | 48,575 | 0.02 | 2,10,745 | - | 2,10,745 | 0.07 | 0.05 |
| v) Trusts | 74,091 | 900 | 74,991 | 0.03 | 1,08,731 | 900 | 1,09,631 | 0.04 | 0.01 |
| vi) Foreign Companies | - | 19,500 | 19,500 | 0.01 | - | 19,500 | 19,500 | 0.01 | - |
| vii) Societies | - | 4,500 | 4,500 | - | - | 4,500 | 4,500 | - | - |
| **Sub-total (B)(2): -** | **6,40,78,718** | **1,00,94,892** | **7,41,73,610** | **25.46** | **6,40,69,065** | **96,52,683** | **7,37,21,748** | **25.28** | **-0.18** |
| **Total Public Shareholding (B)=(B)(1) + (B)(2)** | **10,02,90,488** | **1,01,12,860** | **11,04,03,348** | **37.90** | **10,11,98,874** | **96,70,651** | **11,08,69,525** | **38.01** | **0.11** |
| **C. Shares held by Custodian for GDRs & ADRs** | | | | | | | | | |
| **Grand Total (A+B+C)** | **28,12,07,605** | **1,01,12,860** | **29,13,20,465** | **100.00** | **28,19,98,476** | **96,70,651** | **29,16,69,127** | **100.00** | **-** |

**(ii) Shareholding of Promoters / Promoters Group**

| Sl.NO. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|---|---|---|---|---|---|---|---|---|
| A | Promoters | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | |
| 1 | E.I.D. Parry (India) Limited | 17,71,55,580 | 60.81 | - | 17,71,55,580 | 60.74 | - | (0.07) |
| 2 | M. M. Veerappan | 3,80,880 | 0.13 | - | 3,80,880 | 0.13 | - | - |
| 3 | M M Muthiah | 3,78,150 | 0.13 | - | 3,78,150 | 0.13 | - | - |
| 4 | M V Subbiah | 2,20,998 | 0.08 | - | 2,20,998 | 0.08 | - | - |
| 5 | Arun Venkatachalam | 2,03,010 | 0.07 | - | 2,03,010 | 0.07 | - | - |
| 6 | S Vellayan | 1,68,560 | 0.06 | - | 1,68,560 | 0.06 | - | - |

**Annexure F** (Contd..)

| Sl.NO. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|---|---|---|---|---|---|---|---|---|
| A | Promoters | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | |
| 7 | M V Murugappan | 1,46,240 | 0.05 | - | 1,46,240 | 0.05 | - | - |
| 8 | V Narayanan | 1,40,370 | 0.05 | - | 1,40,370 | 0.05 | - | - |
| 9 | V Arunachalam | 1,34,770 | 0.05 | - | 1,34,770 | 0.05 | - | - |
| 10 | A Venkatachalam | 1,22,670 | 0.04 | - | 1,22,670 | 0.04 | - | - |
| 11 | A Vellayan | 1,18,510 | 0.04 | - | 1,18,510 | 0.04 | - | - |
| 12 | Arun Alagappan | 1,02,940 | 0.04 | - | 1,02,940 | 0.04 | - | - |
| 13 | M M Venkatachalam | 1,00,156 | 0.03 | - | 1,00,156 | 0.03 | - | - |
| 14 | M V Muthiah | 92,330 | 0.03 | - | 92,330 | 0.03 | - | - |
| 15 | M A M Arunachalam | 78,660 | 0.03 | - | 78,660 | 0.03 | - | - |
| 16 | M V Subramanian | 61,750 | 0.02 | - | 61,750 | 0.02 | - | - |
| 17 | M V Subbiah | 35,600 | 0.01 | - | 35,600 | 0.01 | - | - |
| 18 | M. A. Alagappan | 34,000 | 0.01 | - | 34,000 | 0.01 | - | - |
| 19 | M. A. Alagappan | 4,540 | - | - | 4,540 | - | - | - |
| 20 | M V Murugappan | 2,060 | - | - | 2,060 | - | - | - |
| 21 | Carborundum Universal Limited | 330 | - | - | 330 | - | - | - |
| | **Total A** | **17,96,82,104** | **61.68** | **-** | **17,96,82,104** | **61.60** | **-** | **(0.07)** |
| B | **Promoter Group** | **12,35,013** | **0.42** | **0.01** | **11,17,498** | **0.38** | **0.01** | **(0.04)** |
| | **Promoter & Promoter Group (Total A+ B)** | **18,09,17,117** | **62.10** | **0.01** | **18,07,99,602** | **61.99** | **0.01** | **(0.11)** |

(iii) **Change in Promoters / Promoters Group Shareholding**

| Sl. NO. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| 1 | Cholamandalam MS General Insurance Company Limited | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| | At the beginning of the year | 2,00,000 | 0.069 | 2,00,000 | 0.069 |
| | Sale of Shares on 07/02/2017 | 13,069 | 0.004 | 1,86,931 | 0.064 |
| | Sale of Shares on 08/02/2017 | 42,769 | 0.015 | 1,44,162 | 0.049 |
| | Sale of Shares on 09/02/2017 | 24,162 | 0.008 | 1,20,000 | 0.041 |
| | Sale of Shares on 10/02/2017 | 20,000 | 0.007 | 1,00,000 | 0.034 |
| | Sale of Shares on 10/03/2017 | 3,472 | 0.001 | 96,528 | 0.033 |
| | Sale of Shares on 14/03/2017 | 9,043 | 0.003 | 87,485 | 0.030 |
| | Sale of Shares on 15/03/2017 | 5,000 | 0.002 | 82,485 | 0.028 |
| | At the end of the year | 82,485 | 0.030 | 82,485 | 0.028 |

(iv) **Shareholding Pattern of top ten Shareholders** (Other than Directors, Promoters and Holders of GDRs and ADRs):

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | For Each of the Top 10 Shareholders | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| | At the beginning of the year | | | | |
| | Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc): | As per Enclosure | | | |
| | At the End of the year (or on the date of separation, if separated during the year) | | | | |

**Annexure F** (Contd..)

(v) Shareholding of Directors and Key Managerial Personnel:

a) Shareholding of Directors

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| 1. | A Vellayan | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| | At the beginning of the year | 1,18,510 | 0.04 | 1,18,510 | 0.04 |
| | Purchase/Sales during the year | - | - | - | - |
| | At the end of the year | 1,18,510 | 0.04 | 1,18,510 | 0.04 |

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| 2. | V Ravichandran | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| | At the beginning of the year | 32,607 | 0.010 | 32,607 | 0.010 |
| | Sale on 13/06/2016 | 10,000 | 0.003 | 22,607 | 0.008 |
| | Allotted on 18/06/2016 | 1,00,000 | 0.034 | 1,22,607 | 0.042 |
| | Sale on 08/08/2016 | 10,000 | 0.003 | 1,12,607 | 0.039 |
| | Sale on 17/08/2016 | 21,000 | 0.007 | 91,607 | 0.031 |
| | Sale on 18/08/2016 | 15,000 | 0.005 | 76,607 | 0.026 |
| | Sale on 22/08/2016 | 14,000 | 0.005 | 62,607 | 0.021 |
| | Sale on 23/08/2016 | 2,500 | 0.001 | 60,107 | 0.021 |
| | Sale on 06/09/2016 | 20,000 | 0.007 | 40,107 | 0.014 |
| | Allotted on 16/09/2016 | 1,28,990 | 0.044 | 1,69,097 | 0.058 |
| | Sale on 15/12/2016 | 6,000 | 0.002 | 1,63,097 | 0.056 |
| | Sale on 19/12/2016 | 7,427 | 0.003 | 1,55,670 | 0.053 |
| | Sale on 21/12/2016 | 10,000 | 0.003 | 1,45,670 | 0.050 |
| | At the end of the year | 1,45,670 | | 1,45,670 | 0.050 |

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| 3. | M M Venkatachalam | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| | At the beginning of the year | 1,00,156 | 0.04 | 1,00,156 | 0.04 |
| | Purchase/Sales during the year | - | - | - | - |
| | At the end of the year | 1,00,156 | 0.03 | 1,00,156 | 0.03 |

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| 4. | B V R Mohan Reddy | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| | At the beginning of the year | 48,000 | 0.02 | 48,000 | 0.02 |
| | Purchase/Sales during the year | - | - | - | - |
| | At the end of the year | 48,000 | 0.02 | 48,000 | 0.02 |

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| 5. | Prasad Chandran | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| | At the beginning of the year | - | - | - | - |
| | Purchase/Sales during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |

**Annexure F** (Contd..)

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| **6.** | **Ranjana Kumar*** | **No. of shares** | **% of total shares of the Company** | **No. of shares** | **% of total shares of the Company** |
| | At the beginning of the year | - | - | - | - |
| | Purchase/Sales during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |

* Ceased to be a Director on completion of her term on July 22, 2016

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| **7.** | **Sumit Bose** | **No. of shares** | **% of total shares of the Company** | **No. of shares** | **% of total shares of the Company** |
| | At the beginning of the year | - | - | - | - |
| | Purchase/Sales during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| **8.** | **Nirupama Rao *** | **No. of shares** | **% of total shares of the Company** | **No. of shares** | **% of total shares of the Company** |
| | At the beginning of the year | - | - | - | - |
| | Purchase/Sales during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |

* Appointed w.e.f. September 5, 2016.

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| **9.** | **Sameer Goel** | **No. of shares** | **% of total shares of the Company** | **No. of shares** | **% of total shares of the Company** |
| | At the beginning of the year | - | - | - | - |
| | Purchase/Sales during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |

b) Shareholding of Key Managerial Personnel

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| **1.** | **P. Varadarajan** | **No. of shares** | **% of total shares of the Company** | **No. of shares** | **% of total shares of the Company** |
| | At the beginning of the year | 21,600 | 0.01 | 21,600 | 0.01 |
| | Purchase/Sales during the year | - | - | - | - |
| | At the end of the year | 21,600 | 0.01 | 21,600 | 0.01 |

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| **2.** | **S Sankarasubramanian** | **No. of shares** | **% of total shares of the Company** | **No. of shares** | **% of total shares of the Company** |
| | At the beginning of the year | 18,436 | 0.01 | 18436 | 0.01 |
| | Allotted on 18/06/2016 | 12,928 | 0.00 | 12,928 | 0.00 |
| | At the end of the year | 31,364 | 0.01 | 31364 | 0.01 |

**Annexure F** (Contd..)

## V. INDEBTEDNESS

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(Amount in ₹)

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | | | | |
| i) Principal Amount | 9,01,47,58,860 | 17,75,22,92,622 | - | 26,76,70,51,482 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 82,16,806 | 1,82,47,739 | - | 2,64,64,545 |
| **Total (i+ii+iii)** | **9,02,29,75,666** | **17,77,05,40,361** | **-** | **26,79,35,16,027** |
| **Change in Indebtedness during the financial year** | | | | |
| Addition | 8,16,03,76,155 | 1,05,96,73,32,544 | - | 1,14,12,77,08,699 |
| Reduction | 7,44,55,07,086 | 1,11,14,35,33,623 | - | 1,18,58,90,40,709 |
| **Net Change** | **71,48,69,069** | **-5,17,62,01,079** | **-** | **-4,46,13,32,010** |
| **Indebtedness at the end of the financial year** | | | | |
| i) Principal Amount | 9,72,96,27,929 | 12,57,60,91,543 | - | 22,30,57,19,472 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 1,22,263 | 1,56,71,854 | - | 1,57,94,117 |
| **Total (i+ii+iii)** | **9,72,97,50,192** | **12,59,17,63,397** | **-** | **22,32,15,13,589** |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Amount in ₹)

| Sl. No. | Particulars of Remuneration | Managing Director | Total Amount |
|---|---|---|---|
| | | Sameer Goel | |
| 1 | Gross salary | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 2,80,22,193 | **2,80,22,193** |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 41,388 | **41,388** |
| | (c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961 | - | - |
| 2 | Stock Option | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission<br>- as % of profit<br>- others, specify... | - | - |
| 5 | Others - Retirals | 34,49,749 | **34,49,749** |
| | **Total (A)** | **3,15,13,330** | **3,15,13,330** |
| | Ceiling as per the Act @ 5 % of Net Profit | **-** | **35,59,27,743** |

**Annexure F** (Contd..)

B. Remuneration to other directors:

(Amount in ₹)

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | | Total Amount |
|---|---|---|---|---|---|---|---|
| 1 | Independent Directors | Ranjana Kumar* | Prasad Chandran | Nirupama Rao# | BVR Mohan Reddy | Sumit Bose | |
| | Fee for attending board committee meetings | 85,000 | 3,05,000 | 1,15,000 | 3,60,000 | 3,75,000 | 12,40,000 |
| | Commission | 2,32,192 | 7,50,000 | 4,27,397 | 7,50,000 | 7,50,000 | 29,09,589 |
| | Others, please specify | - | - | - | - | - | - |
| | **Total (1)** | **3,17,192** | **10,55,000** | **5,42,397** | **11,10,000** | **11,25,000** | **41,49,589** |
| 2 | **Other Non-Executive Directors** | **A Vellayan** | **V Ravichandran** | **MM Venkatachalam** | | | |
| | Fee for attending board committee meetings | 1,50,000 | 2,55,000 | 3,80,000 | - | - | 7,85,000 |
| | Commission | 2,00,00,000 | 7,50,000 | 7,50,000 | - | - | 2,15,00,000 |
| | Others, please specify | - | - | - | - | - | - |
| | **Total (2)** | **2,01,50,000** | **10,05,000** | **11,30,000** | - | - | **2,22,85,000** |
| | **Total (B)=(1+2)** | - | - | - | - | - | **2,64,34,589** |
| | Total Managerial Remuneration | - | - | - | - | - | **5,79,47,919** |
| | Overall Ceiling as per the Act @ 11 % of Net Profit | - | - | - | - | - | **78,30,41,034** |

* Ceased to be a Director on completion of her term on July 22, 2016.
# Appointed w.e.f. September 5, 2016.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Amount in ₹)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | |
|---|---|---|---|---|
| | | CS | CFO | Total |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 55,61,891 | 1,01,75,795 | 15,737,686 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 41,388 | 41,388 | 82,776 |
| | (c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961 | - | - | - |
| 2 | Stock Option* | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | | | |
| | - as % of profit | - | - | - |
| | others, specify | - | - | - |
| 5 | Others - Retirals | 7,95,911 | 11,61,429 | 1,957,340 |
| | **Total** | **63,99,190** | **1,13,78,612** | **1,77,77,802** |

*The deemed benefit on exercise of options under the Company's ESOP scheme has not been considered as there is no cost to the Company.

**Annexure F** (Contd..)

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty /Punishment/ Compounding fees imposed | Authority [RD/NCLT/COURT] | Appeal made, if any (give Details) |
|---|---|---|---|---|---|
| **A. COMPANY** | | | | | |
| Penalty | | | **Nil** | | |
| Punishment | | | | | |
| Compounding | | | | | |
| **B. DIRECTORS** | | | | | |
| Penalty | | | **Nil** | | |
| Punishment | | | | | |
| Compounding | | | | | |
| **C. OTHER OFFICERS IN DEFAULT** | | | | | |
| Penalty | | | **Nil** | | |
| Punishment | | | | | |
| Compounding | | | | | |

Enclosure

Shareholding Pattern of Top 10 Shareholders between 31/03/2016 and 31/03/2017

| | | Shareholding at the begginning of the Year | | | | | Cumulative Shareholding during the Year | |
|---|---|---|---|---|---|---|---|---|
| Sl No | Name of the Shareholder | No of Shares | % of total shares of the Company | Date | Increase/ Decrease in share holding | Reason | No of Shares | % of total shares of the Company |
| 1 | ICICI Prudential Life Insurance Company Limited | 1,51,32,362 | 5.19 | 31/03/2016 | | | 1,51,32,362 | 5.19 |
| | | | | 08/04/2016 | -4,594 | Transfer | 1,51,27,768 | 5.19 |
| | | | | 15/04/2016 | -2,90,700 | Transfer | 1,48,37,068 | 5.09 |
| | | | | 22/04/2016 | 2,90,700 | Transfer | 1,51,27,768 | 5.19 |
| | | | | 29/04/2016 | 1,560 | Transfer | 1,51,29,328 | 5.19 |
| | | | | 06/05/2016 | 15,646 | Transfer | 1,51,44,974 | 5.20 |
| | | | | 13/05/2016 | 48,291 | Transfer | 1,51,93,265 | 5.22 |
| | | | | 30/06/2016 | -1,730 | Transfer | 1,51,91,535 | 5.21 |
| | | | | 08/07/2016 | -4,95,344 | Transfer | 1,46,96,191 | 5.04 |
| | | | | 15/07/2016 | -3,739 | Transfer | 1,46,92,452 | 5.04 |
| | | | | 29/07/2016 | -1,650 | Transfer | 1,46,90,802 | 5.04 |
| | | | | 12/08/2016 | -260 | Transfer | 1,46,90,542 | 5.04 |
| | | | | 19/08/2016 | 666 | Transfer | 1,46,91,208 | 5.04 |
| | | | | 26/08/2016 | -1,610 | Transfer | 1,46,89,598 | 5.04 |
| | | | | 02/09/2016 | 307 | Transfer | 1,46,89,905 | 5.04 |
| | | | | 09/09/2016 | 92 | Transfer | 1,46,89,997 | 5.04 |
| | | | | 16/09/2016 | -3,153 | Transfer | 1,46,86,844 | 5.04 |
| | | | | 23/09/2016 | 3,378 | Transfer | 1,46,90,222 | 5.04 |
| | | | | 30/09/2016 | 167 | Transfer | 1,46,90,389 | 5.04 |
| | | | | 07/10/2016 | 142 | Transfer | 1,46,90,531 | 5.04 |
| | | | | 14/10/2016 | 80 | Transfer | 1,46,90,611 | 5.04 |

**Annexure F** (Contd..)

| | | Shareholding at the begginning of the Year | | | | | Cumulative Shareholding during the Year | |
|---|---|---|---|---|---|---|---|---|
| Sl No | Name of the Shareholder | No of Shares | % of total shares of the Company | Date | Increase/ Decrease in share holding | Reason | No of Shares | % of total shares of the Company |
| | | | | 21/10/2016 | 122 | Transfer | 1,46,90,733 | 5.04 |
| | | | | 28/10/2016 | 112 | Transfer | 1,46,90,845 | 5.04 |
| | | | | 04/11/2016 | 126 | Transfer | 1,46,90,971 | 5.04 |
| | | | | 11/11/2016 | 78 | Transfer | 1,46,91,049 | 5.04 |
| | | | | 18/11/2016 | 87 | Transfer | 1,46,91,136 | 5.04 |
| | | | | 25/11/2016 | 99 | Transfer | 1,46,91,235 | 5.04 |
| | | | | 09/12/2016 | 21,396 | Transfer | 1,47,12,631 | 5.04 |
| | | | | 16/12/2016 | 56 | Transfer | 1,47,12,687 | 5.04 |
| | | | | 23/12/2016 | 9,184 | Transfer | 1,47,21,871 | 5.05 |
| | | | | 30/12/2016 | 22,378 | Transfer | 1,47,44,249 | 5.06 |
| | | | | 06/01/2017 | 54,038 | Transfer | 1,47,98,287 | 5.07 |
| | | | | 20/01/2017 | 3,254 | Transfer | 1,48,01,541 | 5.08 |
| | | | | 27/01/2017 | -890 | Transfer | 1,48,00,651 | 5.07 |
| | | | | 03/02/2017 | -2,97,472 | Transfer | 1,45,03,179 | 4.97 |
| | | | | 10/02/2017 | 3,63,753 | Transfer | 1,48,66,932 | 5.10 |
| | | | | 17/02/2017 | 1,48,72,914 | Transfer | 2,97,39,846 | 10.20 |
| | | | | 17/02/2017 | -1,48,67,027 | Transfer | 1,48,72,819 | 5.10 |
| | | | | 10/03/2017 | 16,201 | Transfer | 1,48,89,020 | 5.10 |
| | | | | 17/03/2017 | 2,434 | Transfer | 1,48,91,454 | 5.11 |
| | | | | 24/03/2017 | -8,734 | Transfer | 1,48,82,720 | 5.10 |
| | | | | 31/03/2017 | -1,52,736 | Transfer | 1,47,29,984 | 5.05 |
| | | | | 31/03/2017 | | | 1,47,30,079 | 5.05 |
| 2 | Groupe Chimique Tunisien | 48,00,000 | 1.65 | 31/03/2016 | | | 48,00,000 | 1.65 |
| | | | | 31/03/2017 | | | 48,00,000 | 1.65 |
| 3 | Government Pension Fund Global | 13,34,252 | 0.46 | 31/03/2016 | | | 13,34,252 | 0.46 |
| | | | | 29/04/2016 | 1,25,000 | Transfer | 14,59,252 | 0.50 |
| | | | | 30/06/2016 | 6,00,000 | Transfer | 20,59,252 | 0.71 |
| | | | | 15/07/2016 | 4,00,000 | Transfer | 24,59,252 | 0.84 |
| | | | | 07/10/2016 | 34,985 | Transfer | 24,94,237 | 0.86 |
| | | | | 14/10/2016 | 5,90,000 | Transfer | 30,84,237 | 1.06 |
| | | | | 16/12/2016 | 45,000 | Transfer | 31,29,237 | 1.07 |
| | | | | 30/12/2016 | 45,000 | Transfer | 31,74,237 | 1.09 |
| | | | | 06/01/2017 | 1,27,600 | Transfer | 33,01,837 | 1.13 |
| | | | | 13/01/2017 | 2,41,865 | Transfer | 35,43,702 | 1.22 |
| | | | | 27/01/2017 | 24,404 | Transfer | 35,68,106 | 1.22 |
| | | | | 03/02/2017 | 1,81,801 | Transfer | 37,49,907 | 1.29 |
| | | | | 10/02/2017 | 18,481 | Transfer | 37,68,388 | 1.29 |
| | | | | 31/03/2017 | | | 37,68,388 | 1.29 |

**Annexure F** (Contd..)

| | | Shareholding at the begginning of the Year | | | | | Cumulative Shareholding during the Year | |
|---|---|---|---|---|---|---|---|---|
| Sl No | Name of the Shareholder | No of Shares | % of total shares of the Company | Date | Increase/ Decrease in share holding | Reason | No of Shares | % of total shares of the Company |
| 4 | Franklin Templeton Mutual Fund A/C Franklin India | 31,43,243 | 1.08 | 31/03/2016 | | | 31,43,243 | 1.08 |
| | | | | 07/10/2016 | 50,000 | Transfer | 31,93,243 | 1.09 |
| | | | | 25/11/2016 | 22,723 | Transfer | 32,15,966 | 1.10 |
| | | | | 16/12/2016 | -50,000 | Transfer | 31,65,966 | 1.09 |
| | | | | 30/12/2016 | -1,00,000 | Transfer | 30,65,966 | 1.05 |
| | | | | 06/01/2017 | -3,75,000 | Transfer | 26,90,966 | 0.92 |
| | | | | 13/01/2017 | -3,50,000 | Transfer | 23,40,966 | 0.80 |
| | | | | 20/01/2017 | -2,00,000 | Transfer | 21,40,966 | 0.73 |
| | | | | 03/02/2017 | -2,00,000 | Transfer | 19,40,966 | 0.67 |
| | | | | 17/02/2017 | -1,28,399 | Transfer | 18,12,567 | 0.62 |
| | | | | 24/02/2017 | -1,02,364 | Transfer | 17,10,203 | 0.59 |
| | | | | 03/03/2017 | -25,494 | Transfer | 16,84,709 | 0.58 |
| | | | | 31/03/2017 | | | 16,84,709 | 0.58 |
| 5 | Birla Sun Life Trustee Company Private Limited | 29,98,552 | 1.03 | 31/03/2016 | | | 29,98,552 | 1.03 |
| | | | | 29/04/2016 | -2,00,000 | Transfer | 27,98,552 | 0.96 |
| | | | | 08/07/2016 | -10,74,000 | Transfer | 17,24,552 | 0.59 |
| | | | | 15/07/2016 | -7,52,571 | Transfer | 9,71,981 | 0.33 |
| | | | | 22/07/2016 | -32,600 | Transfer | 9,39,381 | 0.32 |
| | | | | 29/07/2016 | -2,32,149 | Transfer | 7,07,232 | 0.24 |
| | | | | 05/08/2016 | -7,07,232 | Transfer | 0 | 0.00 |
| | | | | 31/03/2017 | | | 0 | 0.00 |
| 6 | Franklin Templeton Investment Funds | 29,00,000 | 1.00 | 31/03/2016 | | | 29,00,000 | 1.00 |
| | | | | 17/06/2016 | -91,692 | Transfer | 28,08,308 | 0.96 |
| | | | | 24/06/2016 | -2,91,200 | Transfer | 25,17,108 | 0.86 |
| | | | | 30/06/2016 | -13,77,500 | Transfer | 11,39,608 | 0.39 |
| | | | | 01/07/2016 | -1,26,000 | Transfer | 10,13,608 | 0.35 |
| | | | | 08/07/2016 | -10,13,608 | Transfer | 0 | 0.00 |
| | | | | 31/03/2017 | | | 0 | 0.00 |
| 7 | Sundaram Mutual Fund A/C Sundaram Select Midcap | 26,91,854 | 0.92 | 31/03/2016 | | | 26,91,854 | 0.92 |
| | | | | 08/04/2016 | 15,000 | Transfer | 27,06,854 | 0.93 |
| | | | | 06/05/2016 | -2,927 | Transfer | 27,03,927 | 0.93 |
| | | | | 16/09/2016 | -20,783 | Transfer | 26,83,144 | 0.92 |
| | | | | 07/10/2016 | 15,818 | Transfer | 26,98,962 | 0.93 |
| | | | | 28/10/2016 | 37,875 | Transfer | 27,36,837 | 0.94 |
| | | | | 04/11/2016 | 50,000 | Transfer | 27,86,837 | 0.96 |
| | | | | 10/02/2017 | 40,000 | Transfer | 28,26,837 | 0.97 |
| | | | | 17/02/2017 | 1,30,000 | Transfer | 29,56,837 | 1.01 |
| | | | | 03/03/2017 | 77,100 | Transfer | 30,33,937 | 1.04 |

**Annexure F** (Contd..)

| | | Shareholding at the begginning of the Year | | | | | Cumulative Shareholding during the Year | |
|---|---|---|---|---|---|---|---|---|
| Sl No | Name of the Shareholder | No of Shares | % of total shares of the Company | Date | Increase/ Decrease in share holding | Reason | No of Shares | % of total shares of the Company |
| | | | | 10/03/2017 | 27,900 | Transfer | 30,61,837 | 1.05 |
| | | | | 24/03/2017 | 38,706 | Transfer | 31,00,543 | 1.06 |
| | | | | 24/03/2017 | -6,706 | Transfer | 30,93,837 | 1.06 |
| | | | | 31/03/2017 | -1,95,832 | Transfer | 28,98,005 | 0.99 |
| | | | | 31/03/2017 | | | 28,98,005 | 0.99 |
| 8 | DSP Blackrock 3 Years Close Ended Equity Fund | 26,78,322 | 0.92 | 31/03/2016 | | | 26,78,322 | 0.92 |
| | | | | 08/04/2016 | 9,038 | Transfer | 26,87,360 | 0.92 |
| | | | | 08/07/2016 | -15,038 | Transfer | 26,72,322 | 0.92 |
| | | | | 15/07/2016 | -5,03,018 | Transfer | 21,69,304 | 0.74 |
| | | | | 05/08/2016 | 62,628 | Transfer | 22,31,932 | 0.77 |
| | | | | 25/11/2016 | 3,19,140 | Transfer | 25,51,072 | 0.87 |
| | | | | 13/01/2017 | 8,01,589 | Transfer | 33,52,661 | 1.15 |
| | | | | 20/01/2017 | 4,57,862 | Transfer | 38,10,523 | 1.31 |
| | | | | 27/01/2017 | 2,17,865 | Transfer | 40,28,388 | 1.38 |
| | | | | 17/02/2017 | 2,00,000 | Transfer | 42,28,388 | 1.45 |
| | | | | 03/03/2017 | -1,23,149 | Transfer | 41,05,239 | 1.41 |
| | | | | 17/03/2017 | -94,988 | Transfer | 40,10,251 | 1.37 |
| | | | | 24/03/2017 | -53,973 | Transfer | 39,56,278 | 1.36 |
| | | | | 31/03/2017 | 21,705 | Transfer | 39,77,983 | 1.36 |
| | | | | 31/03/2017 | | | 39,77,983 | 1.36 |
| 9 | Reliance Capital Trustee Company Limited - A/C Reliance Capital | 2,39,700 | 0.08 | 31/03/2016 | | | 2,39,700 | 0.08 |
| | | | | 08/04/2016 | 4,00,000 | Transfer | 6,39,700 | 0.22 |
| | | | | 14/10/2016 | 9,06,000 | Transfer | 15,45,700 | 0.53 |
| | | | | 18/11/2016 | 10,00,000 | Transfer | 25,45,700 | 0.87 |
| | | | | 30/12/2016 | -1,00,000 | Transfer | 24,45,700 | 0.84 |
| | | | | 06/01/2017 | -39,700 | Transfer | 24,06,000 | 0.82 |
| | | | | 13/01/2017 | -1,00,000 | Transfer | 23,06,000 | 0.79 |
| | | | | 31/03/2017 | 94,000 | Transfer | 24,00,000 | 0.82 |
| | | | | 31/03/2017 | | | 24,00,000 | 0.82 |
| 10 | Mirae Asset India Opportunities Fund | 20,71,114 | 0.71 | 31/03/2016 | | | 20,71,114 | 0.71 |
| | | | | 15/04/2016 | -2,00,000 | Transfer | 18,71,114 | 0.64 |
| | | | | 22/04/2016 | -4,50,000 | Transfer | 14,21,114 | 0.49 |
| | | | | 10/06/2016 | -1,73,902 | Transfer | 12,47,212 | 0.43 |
| | | | | 17/06/2016 | -1,08,816 | Transfer | 11,38,396 | 0.39 |
| | | | | 24/06/2016 | -6,80,591 | Transfer | 4,57,805 | 0.16 |
| | | | | 01/07/2016 | -50,000 | Transfer | 4,07,805 | 0.14 |
| | | | | 08/07/2016 | -4,07,805 | Transfer | 0 | 0.00 |
| | | | | 31/03/2017 | | | 0 | 0.00 |

**Annexure F** (Contd..)

| | | Shareholding at the begginning of the Year | | | | | Cumulative Shareholding during the Year | |
|---|---|---|---|---|---|---|---|---|
| Sl No | Name of the Shareholder | No of Shares | % of total shares of the Company | Date | Increase/ Decrease in share holding | Reason | No of Shares | % of total shares of the Company |
| 11 | UTI - Long Term Equity Fund (Tax Saving) | 1082,509 | 0.37 | 31/03/2016 | | | 10,82,509 | 0.37 |
| | | | | 29/04/2016 | -1,438 | Transfer | 10,81,071 | 0.37 |
| | | | | 13/05/2016 | -579 | Transfer | 10,80,492 | 0.37 |
| | | | | 30/06/2016 | 3,36,597 | Transfer | 14,17,089 | 0.49 |
| | | | | 18/11/2016 | 2,19,103 | Transfer | 16,36,192 | 0.56 |
| | | | | 23/12/2016 | 22,645 | Transfer | 16,58,837 | 0.57 |
| | | | | 30/12/2016 | 2,00,263 | Transfer | 18,59,100 | 0.64 |
| | | | | 03/02/2017 | 73,140 | Transfer | 19,32,240 | 0.66 |
| | | | | 10/02/2017 | 37,597 | Transfer | 19,69,837 | 0.68 |
| | | | | 03/03/2017 | -3,635 | Transfer | 19,66,202 | 0.67 |
| | | | | 10/03/2017 | 1,17,253 | Transfer | 20,83,455 | 0.71 |
| | | | | 10/03/2017 | -1,17,253 | Transfer | 19,66,202 | 0.67 |
| | | | | 31/03/2017 | | | 19,66,202 | 0.67 |
| 12 | Birla Sun Life Insurance Company Limited | 18,63,529 | 0.64 | 31/03/2016 | | | 18,63,529 | 0.64 |
| | | | | 08/04/2016 | -1,51,000 | Transfer | 17,12,529 | 0.59 |
| | | | | 22/04/2016 | -25,000 | Transfer | 16,87,529 | 0.58 |
| | | | | 29/04/2016 | -1,00,000 | Transfer | 15,87,529 | 0.54 |
| | | | | 06/05/2016 | -48,704 | Transfer | 15,38,825 | 0.53 |
| | | | | 13/05/2016 | -2,10,000 | Transfer | 13,28,825 | 0.46 |
| | | | | 24/06/2016 | 3,38,500 | Transfer | 16,67,325 | 0.57 |
| | | | | 30/06/2016 | 1,95,000 | Transfer | 18,62,325 | 0.64 |
| | | | | 08/07/2016 | -1,01,000 | Transfer | 17,61,325 | 0.60 |
| | | | | 15/07/2016 | -3,40,894 | Transfer | 14,20,431 | 0.49 |
| | | | | 22/07/2016 | -99,000 | Transfer | 13,21,431 | 0.45 |
| | | | | 16/09/2016 | -1,34,389 | Transfer | 11,87,042 | 0.41 |
| | | | | 23/09/2016 | -3,61,298 | Transfer | 8,25,744 | 0.28 |
| | | | | 30/09/2016 | -4,22,575 | Transfer | 4,03,169 | 0.14 |
| | | | | 14/10/2016 | -2,03,169 | Transfer | 2,00,000 | 0.07 |
| | | | | 31/03/2017 | | | 0 | 0.00 |
| 13 | General Insurance Corporation of India | 17,00,160 | 0.58 | 31/03/2016 | | | 17,00,160 | 0.58 |
| | | | | 03/03/2017 | -19,800 | Transfer | 16,80,360 | 0.58 |
| | | | | 31/03/2017 | | | 16,80,360 | 0.58 |

# REPORT ON CORPORATE GOVERNANCE

Annexure G

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations), compliance with the requirements of Corporate Governance is set out below:

**Company's Philosophy**

Coromandel International Limited ("the Company"/"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, internal controls, risk management, internal and external communications, high standards of safety, health, environment, accounting fidelity and product & service quality. The Board has empowered responsible persons to implement its broad policies and guidelines and has set up adequate review processes/mechanisms to serve this purpose.

The following is a report on the Corporate Governance.

1. **Board of Directors**

- **Composition and size of the Board**

  The Board of Directors, as at the end of the year on March 31, 2017, comprised of Eight Directors of which Managing Director is an Executive Director. Out of seven Non-Executive Directors, four are Independent Directors and three are Non-Independent Directors. One Independent Director is a woman director. The Independent Directors have been issued formal letter of appointment and the terms and conditions of their appointment have been disclosed on the website of the Company. The Independent Directors have given a declaration to the Company about their independence to enable the Board for determining its composition as envisaged in Regulation 17 of the Listing Regulations and further confirming compliance as per Section 149 of the Companies Act, 2013 read with the Rules made thereunder.

  The Non-Executive Directors bring independent judgment in the Board's deliberations and decisions.

  Mrs. Ranjana Kumar ceased to be an Independent Director of the Company, on completion of her term on July 22, 2016 and Mrs. Nirupama Rao has been appointed as an Additional & Independent Director of the Company w.e.f. September 5, 2016.

- **Board meetings and attendance**

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

| Sl. No. | Date of Meeting | Board Strength | No. of Directors present |
|---|---|---|---|
| 1 | April 27, 2016 | 8 | 8 |
| 2 | July 26, 2016 | 7 | 7 |
| 3 | October 26, 2016 | 8 | 8 |
| 4 | January 24, 2017 | 8 | 8 |
| 5 | January 25, 2017 | 8 | 8 |
| 6 | February 9, 2017 | 8 | 3 |
| 7 | March 24, 2017 | 8 | 8 |

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

| Name and Designation of the Director | Category of Directorship | Attendance particulars | | No. of other Directorships and Committee Memberships/ Chairmanship** | | |
|---|---|---|---|---|---|---|
| | | Board Meetings | Last AGM | Directorships in other public companies as on March 31, 2017* | Committee | |
| | | | | | Member | Chairman |
| Mr A Vellayan<br>Chairman | Non-Executive<br>Promoter | 6 | Yes | 3 | 1 | 1 |
| Mr V Ravichandran<br>Vice Chairman | Non-Executive | 6 | Yes | 3 | 4 | 1 |
| Mr Prasad Chandran<br>Director | Non-Executive<br>& Independent | 6 | Yes | 2 | 3 | - |
| Dr B V R Mohan Reddy<br>Director | Non-Executive<br>& Independent | 7 | Yes | 3 | 1 | - |
| Mr M M Venkatachalam<br>Director | Non-Executive<br>Promoter | 6 | Yes | 5 | 2 | 1 |
| Mr Sumit Bose<br>Director | Non-Executive<br>& Independent | 7 | Yes | 5 | 3 | - |

**Annexure G** (Contd..)

| Name and Designation of the Director | Category of Directorship | Attendance particulars | | No. of other Directorships and Committee Memberships/ Chairmanship** | | |
|---|---|---|---|---|---|---|
| | | Board Meetings | Last AGM | Directorships in other public companies as on March 31, 2017* | Committee | |
| | | | | | Member | Chairman |
| Mrs Ranjana Kumar# Director | Non-Executive & Independent | 1 | NA | - | - | - |
| Mrs Nirupama Rao # Additional Director | Non-Executive & Independent | 4 | NA | 4 | 1 | - |
| Mr Sameer Goel Managing Director | Executive | 7 | Yes | 1 | - | - |

* Excludes Directorships in associations, private, foreign and Section 8 companies.

** Represents Memberships of Audit and Stakeholder Relationship Committee of Public Limited Companies.

# Mrs. Ranjana Kumar ceased to be director w.e.f July 22, 2016 and Mrs. Nirupama Rao was appointed as director w.e.f September 5, 2016.

None of the Directors of the Company are, inter-se, related to each other.

**Independent Directors Meeting**

A Meeting of the Independent Directors was held on March 24, 2017 which was attended by all the Independent Directors. The Independent Directors have evaluated the performance of the Non-Independent Directors, the Board as a whole and the Chairman of the Board. The Board was briefed on the deliberations made at the Independent Directors Meeting. The details of Familiarization Programme imparted to Independent Directors of the Company are available on website of the Company at http://www.coromandel.biz/inv_financial.html.

**Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and other Committees of the Board. Structured questionnaires were prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of participation in the meetings and contribution, independence of judgments, safeguarding the interest of the Company and other stakeholders, etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors.

**2. Audit Committee**

The terms of reference of the Audit Committee encompasses the requirements of Section 177 of Companies Act, 2013 and Regulation 18 of the Listing Regulations and, inter alia, includes:

a. To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the financial reports of the Company, internal control systems, scope of audit and observations of the Auditors/Internal Auditors and overseeing that the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

b. To call for the comments of the auditors about internal control systems, scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and also discuss any related issues with the internal and statutory auditors and the management of the Company;

c. To evaluate internal financial controls and risk management systems;

d. To, inter-alia, review Management Discussion and Analysis of financial condition and results of operations, Statement of Significant Related Party Transactions submitted by the management before submission to the Board;

e. To investigate into any matter in relation to the items referred to it by the Board and for this purpose obtain professional advice from external sources.

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

g. To approve Related Party Transactions.

h. Reviewing the functioning of the Whistle Blower mechanism;

i. Recommending the appointment, re-appointment, and if required, the replacement or removal of the statutory auditors and fixation of audit fee and approval for payment for any other services.

- **Audit Committee composition, Meetings and attendance**

The Audit Committee as at the end of the year consisted of 4 (four) directors of which 3 (three) were Independent Directors. Details of attendance of Members during the year are as follows:

| Name | Designation | Category of Directorship | Attendance |
|---|---|---|---|
| Mr. Sumit Bose | Chairman | Non-Executive & Independent | 5 |
| Dr. B V R Mohan Reddy | Member | Non-Executive & Independent | 5 |
| Mr. M M Venkatachalam | Member | Non-Executive | 5 |
| Mr. Prasad Chandran | Member | Non-Executive & Independent | 5 |

**Annexure G** (Contd..)

Five Audit Committee Meetings were held during the year. The dates on which the meetings were held are April 26, 2016, July 25, 2016, October 26, 2016, January 24, 2017 and March 24, 2017.

The Company Secretary is the Secretary of the Committee. The Managing Director, Chief Financial Officer, Executive Vice Presidents, Associate Vice President-Management Audit and Risk Management, along with the Statutory Auditors are invitees to the Audit Committee Meetings. Cost Auditors are invited to the meeting as and when required.

The Chairman of the Audit Committee, Mr. Sumit Bose, was present at the Annual General Meeting of the Company held on July 26, 2016.

**3. Nomination & Remuneration Committee**

**Terms of Reference**

- 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, if any. The Committee also administers the Employee Stock Option Scheme 2007 and Employee Stock Option Scheme 2016.

**Composition, Meetings and Attendance**

- Four Meetings of the Nomination & Remuneration Committee were held during the year. The dates on which the meetings were held are April 27, 2016, July 25, 2016, October 26, 2016 and January 24, 2017.
- Details of the composition of the Nomination & Remuneration 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 | 4 |
| Mrs. Ranjana Kumar* | Member | Non-Executive & Independent | 1 |
| Mr. M M Venkatachalam | Member | Non-Executive | 4 |
| Mr. Sumit Bose # | Member | Non-Executive & Independent | 3 |

* Ceased to be a Director of the Company on completion of her term and consecutively ceased to be the Member of Committee w.e.f July 22, 2016

\# Appointed as the Member of Committee by the Board of Directors of the Company on July 26, 2016

**ESOP Scheme 2016**

During the year, the Shareholders have, through Postal Ballot, on January 11, 2017 authorized the Board/Nomination and Remuneration Committee to issue to the Employees, such number of Options under the ESOP Scheme, 2016 as would be exercisable into not exceeding 1,45,81,000 fully paid-up equity shares in the Company.

The Nomination and Remuneration Committee, is empowered to formulate detailed terms and conditions of the ESOP Scheme 2016, administer and supervise the same. The specific Employees to whom the Options would be granted and their eligibility criteria would be determined by the Nomination and Remuneration Committee at its sole discretion. Further, the Nomination and Remuneration Committee is empowered to determine the eligible subsidiary companies, whether existing or future, whose employees will be entitled to stock options under this Scheme.

Options granted under this ESOP Scheme 2016 would vest on or after 1 (one) year from the date of grant but not later than 4 (four) years from the date of grant of such Options or any other terms as decided by the Nomination and Remuneration Committee.

**4. Remuneration to Directors**

**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 Sections 197, 198 and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder, the commission paid to the directors is usually restricted to a fixed sum.
- The sitting fees/commission 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 computed in the manner laid down in Section 198 of the Companies Act, 2013, and 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, 2017 are as follows:

| Name | No. of Shares |
|---|---|
| Mr. A Vellayan | 1,18,510 |
| Mr. V Ravichandran | 1,45,670 |
| Dr. B V R Mohan Reddy | 48,000 |
| Mr. M M Venkatachalam | 1,00,156 |
| Mr. Prasad Chandran | Nil |
| Mr. Sumit Bose | Nil |
| Mrs. Nirupama Rao # | Nil |

\# Appointed w.e.f. September 5, 2016

**Annexure G** (Contd..)

**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, 2017 is as follows:

(Amount in ₹)

| Name | Salary | Contribution to Funds | Value of Perk & Allowances | Incentives | Total |
|---|---|---|---|---|---|
| Mr. Sameer Goel<br>Managing Director | 1,08,21,045 | 34,49,749 | 1,32,35,389 | 96,14,200 | 3,71,20,383 |

Mr. Sameer Goel was appointed as a Managing Director of the Company for a period of five years from October 1, 2015 to September 30, 2020. Notice period for termination of contract of service is 3 months. No severance pay is payable.
A sum of ₹ 40,07,147 was paid during the year towards incentives for the year 2015-16, as against ₹ 46,00,100 provided in the accounts of 2015-16

- During the year 2007-08, Mr. V Ravichandran the then Managing Director was granted 9,67,000 options, pursuant to Employee Stock Option Scheme 2007 at an exercise price of ₹44.58 per equity share. The first vesting is exercisable over a period of three years from the date of vesting. The second, third and fourth vesting are exercisable over a period of 6 years from the date of vesting. The following is the summary of options granted to Mr. V Ravichandran:

| | |
|---|---|
| Options Vested | 9,37,990 |
| Options Cancelled | 29,010 |
| Options Lapsed | Nil |
| Options Exercised | 9,37,990 |
| Balance Outstanding | Nil |

- During the year 2016-17, Mr. Sameer Goel, the Managing Director has been granted 6,56,900 options, pursuant to Employee Stock Option Scheme 2016 at an exercise price of ₹ 319.65/- per equity share. The following is the summary of options granted to Mr Sameer Goel:

| | |
|---|---|
| Options Granted | 6,56,900 |
| Options Vested | Nil |
| Options cancelled | Nil |
| Options Lapsed | Nil |
| Options Exercised | Nil |

- The details of sitting fees and commission paid/payable to Non-Executive Directors for the financial year ended March 31, 2017, are as under:

(Amount in ₹)

| Non-Executive Directors | Sitting Fees@ | Commission@ |
|---|---|---|
| Mr. A Vellayan | 1,50,000 | 2,00,00,000 |
| Mr. V Ravichandran | 2,55,000 | 7,50,000 |
| Dr. B V R Mohan Reddy | 3,60,000 | 7,50,000 |
| Mrs. Ranjana Kumar* | 85,000 | 2,32,192 |
| Mr. M M Venkatachalam | 3,80,000 | 7,50,000 |
| Mrs. Nirupama Rao# | 1,15,000 | 4,27,397 |
| Mr. Prasad Chandran | 3,05,000 | 7,50,000 |
| Mr. Sumit Bose | 3,75,000 | 7,50,000 |
| **TOTAL** | **20,25,000** | **2,44,09,589** |

* Ceased to be a Director w.e.f. July 22, 2016

\# Appointed w.e.f. September 5, 2016

@ Excludes Service Tax

**5. Stakeholders Relationship Committee**

- Two meetings of the Stakeholders Relationship Committee were held during the year on April 19, 2016 and on March 23, 2017.
- Details of the composition of the Stakeholders Relationship Committee and attendance of Members during the year are as follows:

| Name | Designation | Category of Directorship | Attendance |
|---|---|---|---|
| Mr. Prasad Chandran* | Chairman | Non-Executive & Independent | 1 |
| Mrs. Nirupama Rao** | Member | Non-Executive & Independent | 1 |
| Mr. V Ravichandran | Member | Non-Executive | 2 |
| Mr. Sameer Goel | Member | Executive | 2 |
| Mrs. Ranjana Kumar# | Chairperson | Non-Executive & Independent | 1 |

* Appointed as the Member and Chairman of the Committee at the Board Meeting held on July 26, 2016

** Appointed as the Member of the Committee at the Board Meeting held on January 25, 2017

\# Ceased to be a Director of the Company on completion of her term and consequently ceased to be the Member and Chairperson of the Committee w.e.f July 22, 2016

- **Name, designation and address of the Compliance Officer:**
  Mr. P Varadarajan
  Company Secretary
  Coromandel International Limited
  Coromandel House, 1-2-10 Sardar Patel Road
  Secunderabad 500003
  Phone: +91 40 2784 2034 / 7212
  Fax: 040 2784 4117
  Email ID: Investorsgrievance@coromandel.murugappa.com

- During the year, the Company had received 27 complaints from the investors and all of them were resolved satisfactorily. There were no complaints pending at the end 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 immediately.

**Annexure G** (Contd..)

## 6. Risk Management Committee

The Risk Management Committee as at the end of the year consisted of 3 Directors.

Two meetings of the Risk Management Committee were held during the year on June 17, 2016 and Mach 23, 2017. Details of composition and attendance of Members during the year are as follows:

| Name | Designation | Category of Directorship | Attendance |
|---|---|---|---|
| Mr. Prasad Chandran * | Chairman | Non-Executive & Independent | 1 |
| Mrs. Ranjana Kumar# | Chairperson | Non-Executive & Independent | 1 |
| Mr. V Ravichandran | Member | Non-Executive | 2 |
| Mr. Sameer Goel | Member | Executive | 2 |

* Appointed as the Member and the Chairman of Committee by the Board of Directors of the Company on December 27, 2016.

\# Ceased to be a Director of the Company on completion of her term and consequently ceased to be the Member and Chairperson of Committee w.e.f July 22, 2016.

## 7. Subsidiary Companies

The Company does not have any material unlisted Indian subsidiary in terms of Regulation 24 of the Listing Regulations. 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. The Policy on Material Subsidiary is available on the website of the Company at http://coromandel.biz/pdf/InvestorsInformation/PolicyOnMaterialSubsidiary.pdf.

## 8. General Body Meetings

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

| Year | Location | Date | Time |
|---|---|---|---|
| 2013-2014 | Hotel Minerva Grand, CMR Complex, Besides Manju Theatre, Sarojini Devi Road, Secunderabad | July 23, 2014 | 10.30 AM |
| 2014-2015 | | July 27, 2015 | 10.30 AM |
| 2015-2016 | | July 26, 2016 | 10.30 AM |

### Postal Ballot

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

### Special Resolutions passed during the previous three Annual General Meetings

**Financial Year 2015-16**

No Special resolution passed during the year 2015-16.

**Financial year 2014-15**

No Special resolution passed during the year 2014-15.

**Financial year 2013-14**

Special resolution passed -

- Authorizing the Board to borrow up to ₹ 1,500 Crores over and above the paid-up capital and free reserves of the Company.
- To make payment of remuneration to the Non-Executive Directors of the Company, for a period of 5 years, in addition to the sitting fee for attending the meetings of the Board of Directors or Committees thereof, as the Board of Directors may from time to time determine, not exceeding in aggregate 1% of the net profits of the Company for each financial year.

### Details of special resolution passed during the year through Postal Ballot/E-voting

During the year under review, the following items of business were transacted through Postal Ballots/E-voting by the Company on January 11, 2017. M/s. R Sridharan & Associates, Secretarial Auditor of the Company, has conducted the postal Ballot Exercise. The details of the Resolutions passed and Voting Pattern of each of the Resolution are appended below.

1. Approval for alteration of Articles of Association of the Company for adoption of new set of Articles of Association in alignment with the Companies Act, 2013.

| Category | No. of shares held | No. of votes polled | No. of Votes - in favour | No. of Votes - against | % of Votes in favour | % of Votes against |
|---|---|---|---|---|---|---|
| Promoter and Promoter Group | 18,09,17,117 | 18,07,12,717 | 18,07,12,717 | - | 100.00 | - |
| Public- Institutions | 3,25,19,936 | 2,40,28,673 | 2,37,12,226 | 3,16,447 | 98.68 | 1.32 |
| Public- Non-Institutions | 7,82,04,074 | 4,34,868 | 4,33,596 | 1,272 | 99.71 | 0.29 |
| **Total** | **29,16,41,127** | **20,51,76,258** | **20,48,58,539** | **3,17,719** | **99.85** | **0.15** |

2. Approval for Employee Stock Option Plan 2016 ('ESOP 2016') and grant of Stock Options to the employees of the Company under the ESOP 2016.

| Category | No. of shares held | No. of votes polled | No. of Votes - in favour | No. of Votes - against | % of Votes in favour | % of Votes against |
|---|---|---|---|---|---|---|
| Promoter and Promoter Group | 18,09,17,117 | 18,07,12,717 | 18,07,12,717 | - | 100.00 | - |
| Public- Institutions | 3,25,19,936 | 2,40,28,673 | 1,40,56,950 | 99,71,723 | 58.50 | 41.50 |
| Public- Non-Institutions | 7,82,04,074 | 4,34,838 | 4,30,062 | 4,776 | 98.90 | 1.10 |
| **Total** | **29,16,41,127** | **20,51,76,228** | **19,51,99,729** | **99,76,499** | **95.14** | **4.86** |

**Annexure G** (Contd..)

3. Approval for grant of Stock Options to the Employees of Subsidiary Companies of the Company under Employee Stock Option Plan 2016.

| Category | No. of shares held | No. of votes polled | No. of Votes - in favour | No. of Votes - against | % of Votes in favour | % of Votes against |
|---|---|---|---|---|---|---|
| Promoter and Promoter Group | 18,09,17,117 | 18,07,12,717 | 18,07,12,717 | - | 100.00 | - |
| Public- Institutions | 3,25,19,936 | 2,40,28,673 | 1,40,56,950 | 99,71,723 | 58.50 | 41.50 |
| Public- Non-Institutions | 7,82,04,074 | 4,34,808 | 4,30,152 | 4,656 | 98.93 | 1.07 |
| **Total** | **29,16,41,127** | **20,51,76,198** | **19,51,99,819** | **99,76,379** | **95.14** | **4.86** |

**8a. Details of Directors seeking appointment/re-appointment**

As per the provisions of Section 152 of Companies Act, 2013, 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. V Ravichandran retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Mrs. Nirupama Rao, who was appointed as an Additional Director is holding office till the date of the ensuing Annual General Meeting. A member has proposed her appointment at the ensuing Annual General Meeting.

Brief resume and profile of Mr. V Ravichandran and Mrs. Nirupama Rao, along with the additional information required Regulation 36(3) of the Listing Regulations is given below:

Mr. V Ravichandran (61) is an Engineering Graduate and holds a Post Graduate Diploma in Management from IIM, Ahmedabad. He is also a Cost Accountant and a Company Secretary. After having served Ashok Leyland Limited initially for a short period, he joined the Murugappa Group and worked in the Parry Group of Companies mainly in the fields of finance and marketing. Before moving to Coromandel International Limited, he also headed the Crop Protection business. During the period 2004-2010, he was the Managing Director of Coromandel International Limited. Currently, Mr. Ravichandran is Lead Director (Fertilisers & Sugars) on the Murugappa Corporate Board. He serves on the Board of E.I.D. Parry (India) Limited.

Mrs. Nirupama Rao (65), a Graduate in English Literature, Fellow of the Harvard University (1992-93), Fellow of the Brown University and a recipient of the degree of Doctor of Letters (Honoris Causa) from the Pondicherry University.

A career diplomat from the Indian Foreign Service from 1973 to 2011, she has served the Government in several important positions including that of the Foreign Secretary of India. She has represented India in several countries during her distinguished career and was the first Indian woman to be appointed High Commissioner to Sri Lanka and Ambassador to China. She was also the first woman spokesperson of the Ministry of External Affairs. After her retirement, she was appointed Ambassador of India to the United States for a tenure of two years from September 2011 to November 2013. She is also on the Boards of ITC Limited, KEC International Limited, Network18 Media & Investments Limited and TV18 Broadcast Limited.

**8b. Other Directorships**

Details of other Directorships and Committee Memberships of the above-referred directors are as follows:

**Mr V Ravichandran**

| Name of the Company | Chairmanship/ Directorship | Committee | Chairman/ Member |
|---|---|---|---|
| E.I.D Parry (India) Limited | Director | Stakeholders Relationship Committee | Member |
| Parry Sugars Industries Limited | Director | Stakeholders Relationship Committee | Chairman |
| Parry Infrastructure Company Private Limited | Director | Audit Committee | Member |
| Murugappa Holdings Limited | Chairman | Stakeholders Relationship Committee | Member |

**Mrs. Nirupama Rao**

| Name of the Company | Chairmanship / Directorship | Committee | Chairman/ Member |
|---|---|---|---|
| ITC Limited | Director | - | - |
| KEC International Limited | Director | - | - |
| Network 18 Media & Investments Limited | Director | - | - |
| TV18 Broadcast Limited | Director | Stakeholders Relationship Committee | Member |

**Note:** Includes only public limited companies & Section 8 companies as defined in Companies Act, 2013.

**8c.** Mr. V Ravichandran holds 1,45,670 equity shares in the Company and is a Non-Independent Director. Mrs. Nirupama Rao is not holding any shares in the Company.

**Annexure G** (Contd..)

9. **Disclosures**

- **CEO and CFO Certification**

  The Managing Director and the Chief Financial Officer of the Company have given a Certificate to the Board as contemplated in Regulation 17 of the Listing Regulations.

- **Related Party Transactions**

  There were no materially significant related party transactions, which had potential conflict with the interests of the Company at large. Prior omnibus approval of the Audit Committee was obtained for the transactions which are foreseen and are in repetitive in nature. The related party transactions entered into are reviewed by an independent audit firm to confirm that they were in the ordinary course of business and at arm's length basis. A statement of related party transactions is placed before the Board on quarterly basis.

  Transactions with the Related Parties as required under Indian Accounting Standard (Ind AS)- 24, Related Party Transactions, are disclosed in Note No. 41 of the financial statements forming part of this Annual Report.

  The Company has framed a Policy on Related Party transactions and the same is available on website of the Company at http://www.coromandel.biz/pdf/InvestorsInformation/RPT_Policy.pdf

  **Compliance**

  A Statement of Compliance with all Laws and Regulations as certified by the Managing Director, Chief Financial Officer 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 personnel 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, constituted by the Board comprised of Mr. Prasad Chandran, Independent Director, Mr. V Ravichandran, Vice Chairman and Mr. Sameer Goel, Managing Director. 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.

- **Vigil Mechanism**

  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 Ombudsman 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 Chairman of the Audit Committee. During the year, no employee was denied access to Chairman of the Audit Committee.

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

  There were no pecuniary transactions with any of the Non-Executive Directors except for Remuneration/Sitting Fees/Commission paid to them as Directors of the Company.

- **Strictures/Penalty**

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

- **Management Discussion and Analysis**

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

10. **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. Official press releases, letters sent to Stock Exchanges and presentation made to the Analysts are all also posted on the Company's Website.

**Annexure G** (Contd..)

**11. General Shareholder Information**

| | | |
|---|---|---|
| - | Date, Time & Venue of AGM | July 28, 2017 at 10.30 a.m. at<br>Hotel Minerva Grand<br>CMR Complex, Beside Manju Theatre<br>Sarojini Devi Road, Secunderabad 500 003 |
| - | Financial Calendar | i) Financial Year - April to March<br>ii) First Quarter Results - within 45 days of the end of the quarter.<br>iii) Half-yearly Results - within 45 days of the end of the quarter.<br>iv) Third Quarter Results - within 45 days of the end of the quarter.<br>v) Results for the year ending March 31, 2018- within 60 days of the end of the quarter. |
| - | Date of Book Closure | July 17, 2017 to July 28, 2017 (both days inclusive) |
| - | Dividend 2016-17 | Proposed Dividend of ₹ 5/- per share (500%), subject to approval by members at the AGM.<br>Interim Dividend: The Company has not paid any interim dividend during financial year 2016-17. |
| - | Dividend Payment date (s) | Final Dividend: On or after July 31, 2017 |
| - | Listing of Shares | Company's shares are listed at:<br>BSE Limited<br>Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.<br>National Stock Exchange of India Limited<br>Exchange Plaza, 5th Floor, Plot No. C/1, G Block<br>Bandra-Kurla Complex, Bandra (E), Mumbai 400 051. |
| | | Listing fees for the year have been paid to both the above Stock Exchanges. |
| - | Stock Code:<br>- BSE Limited<br>- National Stock Exchange of India Limited | Physical Scrip Code No.6395<br>Demat Scrip Code No.506395<br>COROMANDEL |
| - | ISIN for (shares) of NSDL & CDSL | INE 169A01031 |
| - | Market Price Data:<br>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 | M/s Karvy Computershare Pvt. Limited<br>Karvy Selenium Tower B, Plot 31-32,<br>Gachibowli, Financial District,<br>Nanakramguda, Hyderabad - 500 032.<br>Tel.No.+91 40 67161616 - 1500<br>Fax No. +91 40 23420814 |
| - | Share Transfer System | Company Secretary has been authorised to approve request for share transfers upto 1,000 shares. The Company Secretary jointly with the Chief Financial Officer or the Vice Chairman, has been authorised to approve transfer upto 5,000 shares. Share transfers in excess of 5,000 shares are approved by Stakeholders Relationship Committee. |

**Annexure G** (Contd..)

| | | |
|---|---|---|
| - | Employee Stock Option Scheme | **ESOP Scheme, 2007**<br>The Company has earmarked 1,27,85,976 equity shares of ₹ 1/- each under the Employee Stock Option Scheme 2007. Each Option is convertible into an equity share of ₹ 1/- each. The number of Options outstanding as on March 31, 2017, are 6,61,182. The first vesting is exercisable over a period of three years from the date of vesting. The second, third and fourth vesting are exercisable over a period of 6 years from the date of vesting.<br>**ESOP Scheme, 2016**<br>The Company has earmarked 1,45,81,000 equity shares of ₹ 1/- each under the Employee Stock Option Scheme 2016. Each Option is convertible into an equity share of ₹ 1/- each. Options granted under this ESOP 2016 would vest on or after 1 (one) year from the date of grant but not later than 4 (four) years from the date of grant of such Options. The vested Options are exercisable within a period of 5 years from the date of vesting. The Company has granted 21,74,500 options to the employees during the year under the ESOP 2016. |
| - | Distribution of Shareholding and Shareholding pattern as on March 31, 2017 | Please see Annexure 'B' |
| - | Dematerialisation of shares and Liquidity | 96.69% of the shareholding has been dematerialized as on March 31, 2017. |
| - | Commodity price risk or foreign exchange risk and hedging activities | As the Company is not engaged in commodity business, commodity risk is not applicable. Foreign Exchange risk is managed/hedged in accordance with the Policy framed by the Company for that purpose, and periodical update is given to the Board on a quarterly basis. |
| - | Plant Locations | The Company's plants are located at<br>a) Malkapuram, Visakhapatnam, Andhra Pradesh<br>b) Beach Road, Kakinada, Andhra Pradesh<br>c) Ennore, Chennai, Tamil Nadu<br>d) Ranipet, North Arcot, Tamil Nadu<br>e) Ankleshwar, Gujarat<br>f) Baribrahmana, Jammu & Kashmir<br>g) Hospet, Karnataka<br>h) Udaipur, Rajasthan<br>i) Baroda, Gujarat<br>j) Kota, Rajasthan<br>k) Raigad, Maharashtra<br>l) Khargone, Madhya Pradesh<br>m) Raebareli, Uttar Pradesh<br>n) Sarigam, Gujarat<br>o) Dahej, Gujarat |
| - | Registered Office / Address for Correspondence | Coromandel International Limited<br>Coromandel House<br>1-2-10, Sardar Patel Road,<br>Secunderabad - 500 003<br>Tel.No. +91 40 27842034<br>Fax: +91 40 27844117<br>email: investorsgrievance@coromandel.murugappa.com |
| - | Nomination Facility | Section 72 of the Companies Act 2013, provides the facility of nomination to share/debenture/deposit holders. The facility is mainly useful for all those holding the shares/debentures/deposits in single name. In cases where the securities/deposits are held in joint names, the nomination will be effective only in the event of the death of all the holders.<br>Investors are advised to avail of this facility, especially investors holding securities in single name.<br>The nomination form may be had on request from the Company's Registrars & Transfer Agents for the shares held in physical form. For the shares held in dematerialized form, the nomination has to be conveyed by the shareholders to their respective Depository Participant directly, as per the format prescribed by them. |

**Annexure G** (Contd..)

## 12. DISCRETIONARY REQUIREMENTS

| | | |
|---|---|---|
| a. | The Board | The Company maintains an office for non-executive Chairman at the Company's expense and has also allowed reimbursement of expenses incurred in performance of his duties. |
| 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. | Separate posts of Chairman and CEO | The Company has a separate post of Chairman |
| d. | Modified opinion(s) in Annual Report | All the financial statements received during the last five (5) years were with unmodified audit opinion. |
| e. | Other Discretionary Requirements | At present, other discretionary requirements have not been adopted by the Company. |

## 13. OTHER REQUIREMENTS

| | | | |
|---|---|---|---|
| a. | Unclaimed shares | Following is the reconciliation of unclaimed shares in 'Coromandel International Limited - Unclaimed Suspense Account', pursuant to Schedule V of the Listing Regulations. | |
| | | Number of shareholders as on April 1, 2016 | 6,028 |
| | | Outstanding shares in the suspense account lying as on April 1,2016 | 21,55,039 |
| | | Number of shareholders who approached the Company for transfer of shares from suspense account during the year | 45 |
| | | Number of shareholders to whom shares were transferred from suspense account during the year | 45 |
| | | Aggregate number of shareholders at the end of the year as on March 31, 2017 | 5,983 |
| | | Aggregate number of shares at the end of the year as on March 31, 2017 | 21,23,275 |
| | | 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 | Compliance with corporate governance requirements specified in regulations 17 to 27 and regulations (b) to (i) of sub-regulation (2) of regulation 46. | Company has complied with all the relevant corporate governance requirements stipulated in the Listing Regulations. | |

On behalf of the Board

**A Vellayan**
Chairman

Date: April 28, 2017
Place: Secunderabad

**Annexure G** (Contd..)

**Annexure - A**

| Period | BSE Limited (₹) | | Sensex Index | | National Stock Exchange of India Limited (₹) | | S&P CNX Nifty Total Return Index Value | |
|---|---|---|---|---|---|---|---|---|
| | High | Low | High | Low | High | Low | High | Low |
| Apr-16 | 236.40 | 188.00 | 26,100.54 | 24,523.20 | 236.40 | 187.15 | 7,992.00 | 7,516.85 |
| May-16 | 242.70 | 218.55 | 26,837.20 | 25,057.93 | 243.45 | 217.00 | 8,213.60 | 7,678.35 |
| Jun-16 | 274.00 | 227.50 | 27,105.41 | 25,911.33 | 273.75 | 227.00 | 8,308.15 | 7,927.05 |
| Jul-16 | 271.00 | 214.85 | 28,240.20 | 27,034.14 | 270.00 | 215.00 | 8,674.70 | 8,287.55 |
| Aug-16 | 278.70 | 242.95 | 28,532.25 | 27,627.97 | 278.80 | 242.70 | 8,819.20 | 8,518.15 |
| Sep-16 | 280.00 | 232.00 | 29,077.28 | 27,716.78 | 281.05 | 230.00 | 8,968.70 | 8,555.20 |
| Oct-16 | 290.80 | 244.00 | 28,477.65 | 27,488.30 | 291.00 | 244.00 | 8,806.95 | 8,506.15 |
| Nov-16 | 293.00 | 229.50 | 28,029.80 | 25,717.93 | 293.90 | 229.00 | 8,669.60 | 7,916.40 |
| Dec-16 | 299.25 | 248.00 | 26,803.76 | 25,753.74 | 299.75 | 249.00 | 8,274.95 | 7,893.80 |
| Jan-17 | 347.10 | 293.00 | 27,980.39 | 26,447.06 | 347.40 | 292.25 | 8,672.70 | 8,133.80 |
| Feb-17 | 358.35 | 313.85 | 29,065.31 | 27,590.10 | 358.40 | 310.10 | 8,982.15 | 8,537.50 |
| Mar-17 | 335.00 | 311.00 | 29,824.62 | 28,716.21 | 335.45 | 310.00 | 9,218.40 | 8,860.10 |

**Annexure B**

DISTRIBUTION OF HOLDINGS AS ON MARCH 31, 2017

| No. of equity shares held | No. of Shares | % of Shares | No. of Shareholders | % of Shareholders |
|---|---|---|---|---|
| 1 - 5,000 | 2,23,22,734 | 7.65 | 59,239 | 98.13 |
| 5,001 - 10,000 | 38,68,727 | 1.33 | 539 | 0.89 |
| 10,001 - 20,000 | 36,67,615 | 1.26 | 252 | 0.42 |
| 20,001 - 30,000 | 18,15,382 | 0.62 | 75 | 0.12 |
| 30,001 - 40,000 | 15,83,399 | 0.54 | 46 | 0.08 |
| 40,001 - 50,000 | 18,24,988 | 0.63 | 40 | 0.07 |
| 50,001 - 1,00,000 | 35,87,093 | 1.23 | 49 | 0.08 |
| 1,00,001 & ABOVE | 25,29,99,189 | 86.74 | 127 | 0.21 |
| **Total** | **29,16,69,127** | **100.00** | **60,367** | **100.00** |
| **Physical Mode** | **96,70,651** | **3.31** | **19,759** | **32.73** |
| **Demat Mode** | **28,19,98,476** | **96.69** | **40,608** | **67.27** |

**Annexure G** (Contd..)

SHAREHOLDING PATTERN AS ON MARCH 31, 2017

| Category | No. of Shares | Percentage |
|---|---|---|
| Promoters | 18,07,99,602 | 61.99 |
| Mutual Funds | 1,83,58,070 | 6.29 |
| Banks, Financial Institutions | 3,34,381 | 0.11 |
| Insurance Company | 34,13,932 | 1.17 |
| Foreign Institutional Investor | 1,50,39,554 | 5.16 |
| Private Bodies Corporates | 2,42,38,774 | 8.31 |
| Indian Public | 3,85,53,539 | 13.22 |
| NBFCs Registered with RBI | 1,42,190 | 0.05 |
| Non-Resident Indians | 55,71,097 | 1.91 |
| Foreign Nationals | 70,460 | 0.02 |
| Foreign Bank | 1,840 | 0.00 |
| Overseas Corporate Bodies | 48,01,312 | 1.65 |
| Trusts | 1,09,631 | 0.04 |
| Clearing Members | 2,10,745 | 0.07 |
| Foreign Companies | 19,500 | 0.01 |
| Societies | 4,500 | - |
| **Total** | **29,16,69,127** | **100.00** |

TO THE MEMBERS OF

COROMANDEL INTERNATIONAL LIMITED

## INDEPENDENT AUDITOR'S CERTIFICATE

1. This certificate is issued in accordance with the terms of our engagement letter reference no. GB/153/2016 dated August 01, 2016.

2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of **Coromandel International Limited** ('the Company'), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March, 2017, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

**Managements' Responsibility**

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

**Auditor's Responsibility**

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

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**Opinion**

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31 March, 2017.

9. 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
(Firm's Registration No. 008072S)

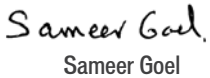


**Ganesh Balakrishnan**
(Partner)
(Membership No.201193)

Place : Secunderabad
Date : 28 April, 2017

# 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, 2017 as envisaged in Regulation 26(3) of the Listing Regulations with Stock Exchanges.



**Sameer Goel**
Managing Director

Date: April 28, 2017
Place: Secunderabad

Annexure - H

**Form -MR3**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
COROMANDEL INTERNATIONAL LIMITED
1-2-10 Sardar Patel Road,
Secunderabad,
Telangana - 500 003.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Coromandel International Limited [Corporate Identification Number: L24120TG1961PLC000892] (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under and the Companies Act, 1956 to the extent applicable;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) During the year under review the Company has complied with the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of External Commercial Borrowings. There are no Overseas Direct Investment and Foreign Direct Investment during the year under review;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  c) During the year under review, the Company has not issued any new securities mandating compliance of the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

  d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Employee Stock Option Scheme, 2007 approved under the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

  e) During the year under review, the Company has neither issued any debentures nor has any outstanding debentures to be redeemed and hence the compliance of the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 is not applicable;

  f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  g) During the period under review, the Company has not delisted its Securities from any of the Stock Exchanges in which it is listed and hence the compliance of the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 is not applicable; and

  h) The Company has not bought back any shares during the period under review and hence the provisions of compliance of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 is not applicable;

(vi) The other laws specifically applicable to the Company are as follows:

  1. Fertiliser Control Order, 1985;

  2. Insecticides Act, 1968 and Insecticides Rules, 1971;

  3. Seeds Act 1966 and Seeds Rules;

**Annexure H** (Contd..)

With respect to Fiscal laws, based on the information & explanations provided by the management and officers of the Company and periodical reports and certificates placed before the Board of Directors, we report that adequate systems are in place to monitor and ensure compliance of the above mentioned laws.

We have also examined compliance with the applicable clauses/regulations of the following:

(i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;

(ii) The Uniform Listing Agreement entered into with BSE Limited and the National Stock Exchange of India Limited pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review was carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors before the schedule of the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Agenda/ notes on agenda which are circulated less than the specified period, the necessary compliances under the Companies Act, 2013 and Secretarial Standards on Board Meetings are complied with. There are certain businesses that can be transacted through Video Conferencing/Audio Visual means as provided for under the Companies Act, 2013 and the relevant Rules made there under. The Company has properly convened & recorded in compliance with Rule 3 of Companies (Meetings of Board and its Powers) Rules, 2014 businesses that have been transacted through Video Conferencing/Audio Visual means.

Based on the verification of the records and minutes, the decisions were carried out with the consent of the Board of Directors/Committee Members and no Director/Member dissented on the decisions taken at such Board/Committee Meetings. Further, in the minutes of the General Meeting including the resolutions passed through Postal Ballot, the number of votes cast against the resolutions has been recorded.

**We further report that** based on the review of compliance mechanism established by the Company and on the basis of our review and audit of the records and books, we are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws including labour laws, rules, regulations and guidelines.

**We further report that** during the audit period, the Company has:

1. Obtained the approval of the Shareholders by way of Postal Ballot in respect of the following:
   a) Approval under Section 14 of the Act for amending the existing Articles of Association ('AOA') of the Company with the adoption of new set of AOA in alignment with the provisions of the Act.
   b) Approval under Section 62(1)(b) of the Act for the 'Employee Stock Option Plan 2016' ('ESOP 2016') and grant of Stock Options to employees of the Company and its subsidiaries under the ESOP 2016.
2. Obtained the approval of the Board of Directors for making investments aggregating to USD 86,000 for establishing subsidiaries in Nigeria and Mali.

For **R. SRIDHARAN & ASSOCIATES**
COMPANY SECRETARIES

Sd/-
**CS R. SRIDHARAN**
CP No. 3239
FCS No. 4775
UIN : S2003TN063400

PLACE : CHENNAI
DATE : April 28, 2017

# Annexure I

**Information under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 and forming part Report to Directors.**

## A. CONSERVATION OF ENERGY

### Fertilisers

As part of its continuous journey towards Energy Conservation, the Company has continued with more ENCON projects, small group activities and other improvement schemes during the year 2016-17. This has resulted in Energy savings in various forms like improving thermal efficiency in terms of specific steam generation/utilisation, fuel savings and electrical energy savings.

The specific steam generation has improved by 4% in Sulfuric acid plant at Vishakhapatnam due to the investment made last year for improved Economiser. The plant has also carried out in-house design in evaporation section to reduce power consumption.

Following are some of the steps taken by the Company for utilizing alternate sources of renewable energy:

- Purchase of Solar Renewable Energy Certificates and purchase of Non Solar Renewable Energy Certificates to reduce the dependence on non-renewable source of power.
- Purchase of Hydel renewable energy from mini Hydel Power Projects.

During the year 2016-17, Kakinada plant has carried out special audit and identified more than 120 motors for replacement with energy efficient motors.

Details of the capital investment made as part of Energy conservation during the year 2016-17:

| Unit | Measures taken | Investment Amount (₹ in Lakh) |
|---|---|---|
| Vizag | Sieve Tray condenser | 55 |
| Vizag | Energy Efficient Lighting | 30 |
| Vizag | Variable frequency drives | 15 |
| Vizag | Energy efficient lighting | 30 |
| Kakinada | Procurement of Energy efficient motors | 24 |
| Ennore | Energy efficient motors phase-3 | 22 |
| Ennore | Variable Frequency drive | 8 |
| Ennore | CPP Vacuum pump improvement | 13 |
| | **Total** | **197** |

### SSP:

With the continued focus on energy conservation, the following initiatives were undertaken during the year 2016-17 at different SSP plants which led to operational improvement and resulted in considerable energy savings during the year;

### Energy Audit

An energy audit was conducted at Udaipur unit covering all three plants i.e. SSP, GSSP-I & GSSP-II. The recommendations from the energy audit findings were taken for implementation in phased manner.

### Lighting

To reduce energy consumption for lighting, replacement of conventional GLS lamps and FTLs with LED lighting and replacement of street lighting HPSV/Halogen/FTL fixtures with LED light fixtures were undertaken in SSP plant locations during the year.

### Auxilliary Power Consumption

Some of the actions undertaken to reduce auxiliary power consumption at various units are:

During the year, special thrust was made to improve the operational efficiencies in terms of reduction of specific energy consumption, waste elimination and improve specific power consumption. This has led to various improvement projects and has yielded in considerable energy savings during the year.

Energy Efficient best practices have been adopted across all manufacturing units like installing Variable Frequency Drives (VFD), Energy Efficient LT Motors, Pump & Gearbox.

**Annexure I** (Contd..)

Mill Cyclone and blower were replaced at Udaipur & Ranipet units to improve the rock grinding efficiency of the system.

Details of Capital Investment made by the SSP SBU on Energy Conservation measures at its various plants during 2016-17 are as follow:

| Unit | Measures undertaken | Investment amount (₹ in Lakh) |
|---|---|---|
| Udaipur | Energy Efficient LT Motors, LED, Cyclone replacement | 62 |
| Nandesari | LED lighting, APFC panel | 2 |
| Hospet | Scrubber System | 86 |
| Ranipet | LED lights, cyclone, Energy Efficient LT motor | 24 |
| Raebareli | APFC panel, Solar Light, LED | 2 |
| | **Total** | **176** |

**Crop Protection:**

With the continued focus on energy conservation, the following initiatives were undertaken at the Ankleshwar plant during the year 2016-17 which led to operational improvement and yielded considerable energy savings during the year. Special drive was taken through CFT for identification of high energy consumption equipment and after audit and investigation same has been replaced which resulted energy saving as well as operational efficiency.

| Energy Saving Measures undertaken | Investment (₹ in Lakh) |
|---|---|
| Energy efficient pumps | 17 |
| Installation of condensing economizer for 10 tph steam boiler | 34 |
| **Total** | **51** |

Details of Capital Investment made by the Crop Protection SBU at Sarigam plant on Energy Conservation measures during 2016-17 are as follow:

| Measures undertaken | Investment Amount (₹ in Lakh) |
|---|---|
| KVX Installation in 20TPH Boiler | 39 |
| Replacement of Cooling Water Pump, Motor | 10 |
| Heat Recovery System for Quippo | 6 |
| Hot Air Generator for MEE-4 Drier | 5 |
| Replacement of Chilled water pump | 4 |
| **Total** | **64** |

## B. TECHNOLOGY ABSORPTION

a. Production of UAP 20:20:0:13S with consistent throughput and desired specifications was achieved during the year under review.

b. Trials for use of different sources of phosphate rocks from three new sources were carried out at Vishakhapatnam and Ennore Plants, to help in improving flexibility to operate with multiple source of rocks.

c. Automation of adding micro nutrient were carried out at the old plants which has improved productivity in manufacture of products fortified with micro nutrients like DAP Zn.

d. The Company has converted two stage pollution scrubbing system into four stage including debottlenecking chimney result efficient scrubbing of gas and increasing in throughput.

e. EMS lab established in Ankleshwar R&D center for analysis and reduction in effluent generation and also to ensure more efficient and effective treatment of process effluents.

**Annexure I** (Contd..)

## C. RESEARCH AND DEVELOPMENT

### Fertilisers

A new sulphur product which offers enhanced performance was developed and patent was filed for the novel manufacturing process. The product was commercialized under the brand name RAPID BLUE. Alternative sources of rock phosphate and phosphoric acid were tested in the pilot plant to have greater manufacturing flexibility with respect to raw materials. A novel process for production of value added granulated gypsum was developed and the product was has shown good performance on groundnut in a trial conducted by ANGRAU, Anantapur. Nano-fertiliser trials were initiated at IARI, Delhi.

### Crop Protection:

Crop protection business has three R&D centers at Ankleshwar, Sarigam and Hyderabad. The newly established Hyderabad R&D center is concentrating on development of new off patent molecules, while Ankleshwar and Sarigam R&D center is working on process improvement of existing products. Hyderabad R&D center also taken up synthesizing of impurities for various products, which will ease the registration process. Applied for NABL accreditation of Analytical laboratory of Hyderabad R&D center and will be converting into GLP laboratory by 2018, where upon it can undertake the five batch GLP analysis and residue analysis for registration purpose.

The CPC R&D Center also working vigorously on the development of new combination products with the aim to market at least two new combination product each year starting from this year, at present another 40 new combination products are under different stage of development. To have better understanding of the effluent and its treatment, business has established an EMS laboratory at Ankleshwar R&D center with all equipment required for Environment Management System (EMS). The new EMS lab is fully functioning and targeted to reduce the effluent treatment cost by 10% by applying the various finding of EMS lab.

| Expenditure on Research & Development | (₹ in Lakh) | |
|---|---|---|
| | 2016-17 | 2015-16 |
| Revenue | 730 | 809 |
| Capital | 213 | 112 |

| Foreign Exchange Earnings and Outgo | (₹ in Lakh) | |
|---|---|---|
| | 2016-17 | 2015-16 |
| Foreign exchange Earnings | 52,712 | 48,749 |
| Foreign Exchange Outgo | 5,28,457 | 7,35,797 |

# Business Responsibility Report 2016-17

Annexure J

**Preface:**

Coromandel International Limited presents its first 'Business Responsibility Report' (BRR), as mandated by Securities and Exchange Board of India (SEBI), and in line with the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVGs), as released by the Ministry of Corporate Affairs in July 2011. The report has been prepared as prescribed and in accordance with Regulation 34 of the SEBI (LODR) Regulations, 2015.

**About Coromandel International Limited**

Coromandel International Limited (Coromandel), part of one of India's leading business conglomerates Murugappa Group, and India's second largest Phosphatic fertiliser player, is in the business of Fertilisers, Specialty Nutrients, Crop Protection and Rural Retail. It manufactures a wide range of fertilisers, making it a leader in its addressable markets. In its endeavor to be a complete plant nutrition solutions Company, Coromandel has also introduced a range of Specialty Nutrient products comprising of water soluble fertilisers and micro nutrients. Coromandel is also a pioneer in marketing Organic Fertilisers. The crop protection business has wide range of technicals and formulations which is also exported to various countries. Coromandel has a pan India presence for distribution of these products, besides its own retail outlets. Coromandel has set up around 800 rural retail centers in the States of Andhra Pradesh, Telangana and Karnataka. Coromandel was voted as one of the top ten greenest companies in India byThe Energy and Resources Institute (TERI), reflecting its commitment to the environment and society.

For more details, visit www.coromandel.biz

**Business Responsibility Report: 2016-17**

**Section A: General Information about the Company**

| | | |
|---|---|---|
| 1 | Corporate Identity Number | L24120TG1961PLC000892 |
| 2 | Name of the company | Coromandel International Limited |
| 3 | Registered Office address | Coromandel House, 1-2-10, Sardar Patel Road, Secunderabad - 500 003, Telangana. |
| 4 | Website | www.coromandel.biz |
| 5 | E-mail id | mail@coromandel.murugappa.com |
| 6 | Financial Year reported | 2016-17 |
| 7 | Sector(s) that the Company is engaged in (industrial activity code-wise) | Fertilisers & Chemicals<br>Fertiliser – 20122 \| Pesticides - 20211 |
| 8 | List three key products/services that the Company manufactures/ provides | Fertilisers, Crop Protection Products and Speciality Nutrients |
| 9 | Total number of locations where business activity is undertaken by the Company | 15 Manufacturing Locations in India<br>AP - Vizag, Kakinada \| TN: Ennore, Ranipet \| JK: Jammu \| GJ: Ankleshwar, Dahej, Sarigam, Nandesari \| RJ: Udaipur, Kota \| MP: Nimrani \| KA-Hospet \| UP – Raebareli \| MH – Pali |
| 10 | Markets served by the Company | India, Latin America, APAC, Africa |

**Section B: Financial Details of the Company**

| | | |
|---|---|---|
| 1 | Paid up capital | ₹ 29.17 Crore |
| 2 | Total turnover | ₹ 10,239 Crore |
| 3 | Total profit after tax | ₹ 477 Crore |
| 4 | Total spending on CSR as percentage of PAT (%) | 2.3% |
| 5 | List of the activities in which CSR expenditure is incurred | CSR Activities of Coromandel are focused on Health, Education and Community Development. For details refer Annual Report on CSR activities Page Nos. 55-56 |

**Annexure J** (Contd..)

**Section C: Other Details**

| | | |
|---|---|---|
| 1 | Does the Company have any Subsidiary Company/ Companies? | Yes |
| 2 | Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s) | The subsidiaries of Coromandel are primarily either investment companies or companies holding product registration in foreign countries for export of the Company's products. Hence, this is not applicable.<br>Number of subsidiary companies - 10 |
| 3 | Do any other entity/entities (e.g. suppliers, distributors) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate % of such entity/entities? | No |

**Section D: BR information**

| | | |
|---|---|---|
| 1 | Details of Director(s) responsible for BR | Mr. Sameer Goel, Managing Director<br>DIN: 07298938<br><br>BR Head:<br>Mr. Sameer Goel, Managing Director<br>DIN: 07298938 \| Phone: 040 - 27841368<br>Email: GoelS@coromandel.murugappa.com |

**2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)**

| Sl. No. | Questions | P 1 | P 2 | P 3 | P4 | P5 | P 6 | P 7 | P 8 | P 9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Do you have a policy/policies for.... | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2 | Has the policy being formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3 | Does the policy conform to any national/international standards? If yes, specify? (50 words) | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 4 | Has the policy being approved by the Board? Is yes, has it been signed by MD/owner/CEO/appropriate Board of Director? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 5 | Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 6 | Indicate the link for the policy to be viewed online? | Polices & Codes: http://coromandel.biz/inv_financial.html<br>CSR Policy: http://coromandel.biz/pdf/CSRPolicy/CSRPolicy_dec2014.pdf<br>EQOHS Policy: http://coromandel.biz/pdf/2016-2017/she/Policy/EQSH_policy.pdf | | | | | | | | |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 8 | Does the Company have in-house structure to implement the policy/policies. | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 10 | Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency? | Y | Y | Y | Y | Y | Y | Y | Y | Y |

**Annexure J** (Contd..)

**All the policies in Coromandel are governed by its guiding principles and core values. These polices are mapped to each principle hereunder:**

| Coromandel Policies Mapping to BR Principles | | |
|---|---|---|
| | **Principle** | **Applicable Policies** |
| 1 | Businesses should conduct and govern themselves with Ethics, Transparency and Accountability | • Values and Beliefs, called the 'Five Lights'<br>• Whistle Blower policy<br>• Code of Conduct<br>• Coromandel Guide to Business Conduct (CGBC) |
| 2 | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle | • Environment, Quality, Occupational Health and Safety Policy (EQOHS Policy) |
| 3 | Businesses should promote the well-being of all employees | • HR Policy<br>• Communication policy<br>• Sexual Harassment Policy<br>• Training Policy<br>• 5S policy |
| 4 | Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized. | • CSR Policy |
| 5 | Businesses should respect and promote human rights | • Values and Beliefs, called the 'Five Lights'<br>• Whistle Blower policy<br>• Code of Conduct |
| 6 | Businesses should respect, protect, and make efforts to restore the environment | • Environment, Quality, Occupational Health and Safety Policy (EQOHS Policy) |
| 7 | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner | • Values and Beliefs, called the 'Five Lights'.<br>• Coromandel Guide to Business Conduct (CGBC) |
| 8 | Businesses should support inclusive growth and equitable development | • CSR Policy |
| 9 | Businesses should engage with and provide value to their customers and consumers in a responsible manner | • Values and Beliefs, called the 'Five Lights'<br>• Environment, Quality, Occupational Health and Safety Policy (EQOHS Policy) |

**2a. If answer to the compliance status of any of the principles listed above is 'No', please explain why.**

| Sl. No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | The company has not understood the Principles | Not Applicable | | | | | | | | |
| 2 | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | | | | | | | | | |
| 3 | The company does not have financial or manpower resources available for the task | | | | | | | | | |
| 4 | It is planned to be done within next 6 months | | | | | | | | | |
| 5 | It is planned to be done within the next 1 year | | | | | | | | | |
| 6 | Any other reason (please specify) | | | | | | | | | |

**Annexure J** (Contd..)

**3. Governance related to BR**

- Frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company:

  The BR Performance revolves around a number of policies which is assessed by the BR Head monthly, quarterly and annually based upon its importance and impact on the environment and Company's operations & activities.

- Publication of BR or a Sustainability Report and its frequency:

  This is the first Business Responsibility Report of the Company for the Financial Year 2016-17 which forms part of the Company's Annual Report for FY 2016-17. The same can be accessed at http://coromandel.biz/inv_report.html

**Section E: Principle- wise performance**

**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

Coromandel's commitment to ethical and lawful business conduct is a fundamental value shared by the Board of Directors, the senior management and all other employees of the Company. Coromandel has adopted 'Code of Conduct' (Code) to ensure ethics, transparency and accountability in all aspects of the business, and create value for its stakeholders in a sustainable manner. The Code embodies the belief that acting always with the Company's legitimate interest in mind and being aware of the Company's responsibility towards its stakeholders is an essential element of the Company's long term excellence. All Directors and senior management personnel shall affirm compliance with this Code on an annual basis.

In line with the Murugappa Group's values and beliefs (The Five Lights), Coromandel has also adopted the 'Coromandel Guide to Business Conduct (CGBC)' to set forth the principles which guides business transactions with customers, outside businesses, governments, communities and shareholders.

Coromandel has formulated and deployed the following policies in accordance with the statutory guidelines and SEBI Regulations.

- Whistle Blower Policy/Vigil Mechanism
- The Dividend Distribution Policy
- Code of practices for fair disclosure of unpublished price sensitive information
- Remuneration Policy
- Policy on preservation and archival of documents
- Policy for Determination of Materiality for Disclosure of Information/Events to the Stock Exchanges
- Policy on Related Party Transactions
- Policy for determining Material Subsidiaries

The above company policies can be accessed by anyone from the Company's website http://www.coromandel.biz/inv_financial.html.

Key elements of Coromandel's corporate governance are transparency, disclosure, internal controls, risk management, internal and external communications, and high standards of safety, health, environment, accounting fidelity, products and service quality. The Board has empowered responsible persons to implement its broad policies and guidelines and has set up adequate review processes. The Company ensures selection of vendors and contractors, who maintain and follow ethical standards. The Company endeavours to impart periodical training on Ethics to its employees and relevant stakeholders are also made aware of the same from time to time.

During the year 2016-17, 8 complaints were received by the Ombudsman under Whistle Blower Policy which were enquired in to and suitable actions were taken thereon and one complaint was pending as on March 31, 2017. Quarterly report on such complaints and action taken thereon are reported to the Audit Committee.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

Coromandel has multi-locational production facilities and manufactures & markets a wide range of Phosphatic Fertilisers, Crop Protection Products, Speciality Nutrients and Organic Fertilisers. Coromandel also provides agri input services and solutions to the farmers through its rural retail centers. The operating principles of Coromandel are 'Knows, Cares and Fulfills'. The principle 'Care' is embedded for environment, community, partners, employees and shareholders.

To ensure delivery of quality products at low cost and sustainable manner, Coromandel continually develops and upgrades its manufacturing processes and activities with world class technologies like mutli effect sea water desalination plant, molten sulphur handling terminal, submarine pipeline in sea for ammonia unloading and greening of phospho gypsum ponds. The manufacturing units are certified for ISO 9001, ISO 14001 and OHSAS 18001 for Quality, Environment and Safety management systems respectively.

**Annexure J** (Contd..)

Coromandel pioneered in setting up Fertiliser Technology Centre (FTC) in the country with its own expertise at its Vizag facility and has R&D center at Hyderabad for Crop Protection Products. The major objectives of the FTC is to develop: (i) in-depth understanding of fertiliser manufacturing processes and use this knowledge to improve the productivity (ii) manufacturing technologies that are more efficient with respect to energy and raw material consumption (iii) new fertiliser products for India's agricultural market in a responsible way. The FTC is recognized by the Department of Scientific & Industrial Research (DSIR) of Ministry of Science & Technology.

Coromandel understands the effect of fertilisers and nutrients on soil condition as well as health and growth of the plants and has developed a range of solutions addressing the social or environmental concerns. For example, the following product segments of the Company addresses the above issues:

**Fertiliser:** Coromandel developed a new fertiliser product (Gromor Max 20:20:0:13S) containing elemental sulphur and sulphate sulphur. Elemental sulphur is long lasting and is available in soil for a longer duration because of its slow disintegration by micro organisms whereas sulfate sulphur is readily soluble in water and is available to the crops during early growth stages.

**Organic Compost:** For ecological sustainability, Coromandel markets and promotes use of 'farmer and nature friendly' organic manure from municipal waste, which acts as a soli rejuvenator and helps to supply nutrients to the crops, enrich organic carbon content of soil as well as enables sustainable sourcing and cleanliness in municipalities.

**Specialty Nutrients:** The use of specialty nutrients and water soluble fertilisers through spray and drip irrigation reduces nutrient losses, cost of labour, energy & water consumption and thereby increases the productivity and crop yield.

Most of the raw materials for manufacturing of fertilisers are imported due to its non availability in India. However, Coromandel encourages the local and small vendors for supply of consumables, engineering stores and carrying out job contracts. Coromandel facilitates the small vendors by providing facilities like product testing, performing lab pilots, organizing vendor meetings, site visits, etc. in order to develop the sustainable capabilities. Also in 2016-17, through CSR community development initiatives, training was imparted to local community members on preparation of safety gloves & PPEs which are procured back by Coromandel for usage in the plant.

During the year, the Company has reduced the consumption of raw materials, energy, water and fuel through effective operations and continual improvement in the manufacturing processes. The Company has achieved the following improvements in energy and water consumption during the year 2016-17:

- Reduced the consumption of power by 13% and natural gas by 50% for 20:20:0:13 Fertiliser grade in Kakinada Unit
- Reduced the energy consumption by 1.8% and water by 6% for Fertiliser production in Vizag Unit
- Reduced the water consumption by 13% and power by 5% for 17:17:17 Fertiliser grade in Kakinada Unit




'Best Energy Efficient Unit' Award by CII



'Best Operating Plant' award by FAI

Coromandel Vizag unit has received the 'Best Energy Efficient Unit' award from Confederation of Indian Industry (CII) for the 3rd consecutive year and the 'Best Operating Plant' award for efficient operations of Phosphoric Acid Plant from Fertiliser Association of India (FAI) for the 15th time.

Coromandel completely reprocesses or recycles the off-spec materials which include fines and over size products that get generated in the fertiliser granulation process. Around 4-5% fertiliser material was reprocessed during the year 2016-17. The waste water recycling and consumption in Vizag unit accounts for 68% of overall waste water generated from process and 100% from complex fertiliser production process. All other Fertiliser and Single Super Phosphate (SSP) units are zero process effluent discharge units and all process liquids are recycled back into the fertiliser manufacturing process.

**Annexure J** (Contd..)

**Principle 3: Businesses should promote the wellbeing of all employees**

Coromandel continues to place emphasis on employees capability building and well-being and considers it as a key enabler to achieve the organizational goals.

**Employee Well-Being:** Coromandel lays emphasis on employee well-being, health and engagement through various initiatives like -

- Employee Wellness: The flagship health and wellness program of 10K Challenge - health awareness campaign Ver-2.0 initiated across all locations apart from regular medical check-up and diagnosis support to employees & contract workmen. Employees participation in 10K Challenge was doubled as against the previous year (876 Nos. in 2015-16 | 1888 Nos. in 2016-17). Also, various Fun@work activities, family get-together, cultural and games were organized for employees across locations.
- Coromandel aims to prevent work-related illness and occupational diseases through implementation of management system like ISO 14001, OHSAS 18001 and Process Safety Management System (PSMS). The major fertiliser units in Kakinada and Vizag have scored 4 out of 4 in PSMS.
- The Management Committee reviews the Safety performance of the Company through a set of key performance indicators like Total Recordable Injury Rate (TRIR) and also promotes the culture of reporting Safety Near Miss incidents by the employees. Safety Senses Team (Nose, Eyes and Ears teams) were formed to identify and address the safety abnormalities in plants. Safety Trainings viz., technical and behavioral training, defensive driving and road safety sessions were carried out.

**People Capability:** Nurturing talent and building leadership pipeline remains a key focus. Some highlights of our talent and learning initiatives during the year are -

- Sales Capability Building: EDGE (Every Day Great Excellence), training for enhancing Sales capabilities of field force. 'Vidhyaonline' e-learning program on 'Basics of Crop Nutrition' was launched for 485 members of sales & marketing team. 'Continuing Education Program (CEP)' for Retail Store Managers in association with MANAGE for 'Diploma in Agricultural Extension Services for Input Dealers'. Capability Enhancement in Agri Technology (CEAT), programme conducted for Top 200 Retail Store Managers at MANAGE.
- Manufacturing: Various technical and project management trainings have been conducted for the manufacturing team like Libre Project Software training, technical program like Boiler operation, Engineering workshop, Attendant Operator & Chemical Plant trade certificate for Plant operators, Supervisory Skill Development and Team building sessions. Coromandel has deployed the structured process for assessment and elevation of non-management staff to management staff.
- Initiated a structured process for identifying and nurturing High Potentials and developing Leadership pipeline. Also a 5 day on-site workshop on global business management for Exports team was carried out through Indian Institute of Foreign Trade, Delhi.

**Prevention of Sexual Harassment:** Coromandel has a Policy on Prevention of Sexual Harassment (POSH) to ensure a harassment free workspace for the employees. Sexual harassment cases are dealt as per the Company policy on prevention of sexual harassment. All the employees are communicated on regular basis on the various aspects of prevention of sexual harassment at work through e-articles and other means of communication.

- As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, Coromandel has constituted Internal Complaints Committees (ICC). The Company has designated external independent member as a Chairperson for each of the Committee. During the year 2016-17, no cases have been reported on sexual harassment, discrimination and child labour.
- Awareness building training programmes (web-based and physical) were carried out to raise awareness on the issue of sexual harassment of women at workplace: During the year, all New Joiners/Trainees/Interns were inducted on the subject of Prevention of Sexual Harassment of Women at Workplace. Also, Coromandel has deployed various women friendly policies like flexi working hours, new maternity policy, and conducted a self-defense and wellness programme for women employees as part of Women's Day celebrations.
- Sensitization and awareness workshops on 'The Five Lights' - Values and Beliefs, Whistle Blower policy and Coromandel Guide to Business Conduct (CGBC) were organized across locations to promote & reinforce value system of the organization.

**Industrial Relations & Employees Strength:** Industrial Relations continue to be an essential part of employee engagement. During the year, the industrial relations across all the plants continued to remain cordial and peaceful. The rights of workers to freedom of association and collective bargaining are recognised and respected. There are seven employee associations across the manufacturing locations in the Company. Nearly 939 (67%) permanent Non-Management employees are members of these associations. During the year, Coromandel entered into a long term productivity linked incentive scheme in Kakinada Unit and a long term wage settlement in Ankleshwar Unit.

In Coromandel currently there are around 4,309 Permanent manpower (2,792 Management staff, 1,404 Non-Management staff and 113 Trainees) with 115 female employees and 15 differently abled employees. In addition, there are around 5,400 off-roll/contract employees. Almost 90% of permanent employees (including women employees and differently abled employees) and 100% casual/contractual employees underwent training in the areas of safety, health, behavioral and skill upgradation. Also, Coromandel encourages and provides training and counseling to employee family members in various areas viz., home safety, home 5S, child education and family health.

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

"The fundamental principle of economic activity is that no man you transact with will lose; then you shall not" (an excerpt from *Arthashastra*). This was the basic principle laid out by the founder of Murugappa Group, over a century ago and the tradition has endured. Today, this belief continues to guide the decisions and define the work ethics of the Company.

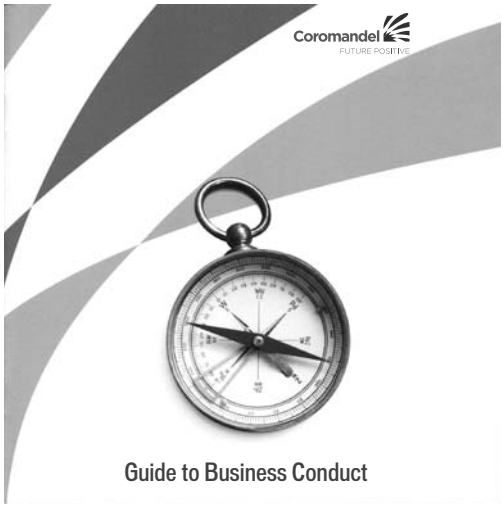
Our Mission is "To enhance prosperity of farmers through quality farm solutions with sustainable value for all stakeholders". Coromandel strongly believes in the inclusive growth. In line with the philosophy and mission Coromandel has mapped all its stakeholders that include farmers/customers, employees, shareholders, government, suppliers, business alliances, and society. The Company understands the short term and long term needs & expectations of its stakeholders through established communication mechanisms and deliver to achieve the sustainable relationships.

Company's primary stakeholder is the farmer, who is mostly economically disadvantaged, followed by economically backward communities in the vicinity of its manufacturing plants.

As a responsible corporate, Coromandel believes that it can help make a difference to the society and change lives for the better. Coromandel makes conscious efforts for community development and to enable the prosperity of farmers, complementing the government's plan of doubling the farmer's income by the year 2022. Few of the initiatives with inclusive growth being undertaken by Coromandel are mentioned below;

- Coromandel strongly believes that girl-child education has great influence in farmer's prosperity. In line with its objective to make the farmer prosper, a unique program called Rural Girl Child Education Assistance Programme (RGCEAP) has been initiated and carried out from 2005. The strength of this initiative is its core targeted societal group i.e farmers, towards achieving the noble objectives of reducing the drop out percentage of rural girl children thereby empowering rural women and encouraging the girl child to continue her education.
- Coromandel continuously facilitates the farming community through various services for improving the crop yield like free soil testing for balanced nutrient inputs, farm advisory support through Agronomist team, unique grade & fortified fertiliser and providing complete farming solution.
- As part of its responsibility towards development of the communities in and around its factory locations, Coromandel has organized various programs, aimed at enhancing their skills through skill development initiatives and to increase employability and livelihood through various initiatives such as tailoring units, glove making units for community women, car driving and technical trainings for community youth, welding, CNC, auto CAD courses etc. apart from major initiatives in the areas of Health and Education.

**Principle 5: Businesses should respect and promote human rights**




Coromandel ensures compliance with all applicable laws of the land pertaining to human rights, in order to preserve the rights of all its internal and external stakeholders. Coromandel has a procedure for taking an undertaking from all its suppliers/contractors that they will abide by all the local laws as applicable to the workmen engaged by them for the Company. A special focus was given on prohibition of engagement of child labour.

Coromandel Guide to Business Conduct (CGBC) provides guidelines to set forth the principles which will guide business transaction with all stakeholders. The essence of this code is based on The Five Lights (Value system) of the Murugappa Group. The CGBC enables to embed the value system and respect for human rights in every aspect of business transactions including respect for employee fundamental rights, prevention of sexual harassment, any kind of discrimination and adherence to SHE (Safety, Health & Environment) policies.

Coromandel has deployed various management systems towards ensuring the Human Rights and environment protection which is guided by various policies like HR policy, EQOHS (Environment, Quality, Occupational Health & Safety) Policy, 5S policy, Training and Communication policy. There were no complaints on violation of human rights in 2016-17.

**Annexure J** (Contd..)

**Principle 6: Business should respect, protect, and make efforts to restore the environment**

Coromandel continually strives to minimise the environmental impact of its operations through sustainable practices and responsible use of natural resources through effective implementation of integrated Environment, Quality, Occupational Health & Safety (EQOHS) Policy and ISO 14001 - Environment Management System (EMS). As of now the policy covers the entire operations of Coromandel (employees & contractors) and the Company is also in its early stages of deployment in extending the policy guidelines to its suppliers and joint ventures.

The environmental management is an integral part of annual business planning process framework of Coromandel, wherein each business has to frame the strategy and improvement/Capex projects for environmental management. Coromandel contributes to sustainable development through a range of environmental activities in a major scale like development of green belt, developing sustainable solution for greening of phospho gypsum ponds and continual improvement in consumption of raw material and utilities, which are an integral part of all operations and Coromandel has fully complied with all the requirements.

Coromandel makes consistent efforts and initiatives to complement and support the Government policy of promoting organic fertilisers. Coromandel has adopted 10 villages in Telangana, West Bengal and Maharashtra States under its project 'Humaare Kisan' to disseminate information and create awareness among the farming community about the use of municipal organic compost as a natural source of organic carbon for soil to replenish the fertility of soil and ensure balanced fertilization to crops.

Company has adopted 'Enterprise Risk Management' model to address its business and operational level risks. As part of this, environmental risks are also identified and addressed across the organisation. Individual responsibilities are given to monitor and mitigate the potential environmental risks, if any. Manufacturing sites undergo Environmental Impact Assessment studies, as required, to understand and mitigate the long term impacts.

Vizag and Ennore Units generate around 50% of its energy requirement for plant operations by recovering waste heat from the captive sulphuric acid plant, thereby reducing its Carbon footprint. Though the Company does not have registered projects under CDM, it has initiated projects for use of renewable energy which directly reduces Green House Gas (GHG) emissions.

- Solar powered admin block at Ennore Plant
- Use of solar water heating systems in employees colonies and canteen
- Use of solar energy to preheat the boiler feed water in Kakinada plant
- Nearly about 40,000 units of solar power is used in our manufacturing operations every year as part of Renewable Energy use agreements
- Solar powered street lights are used extensively across the plants

During the last year, the Company invested in several projects and initiatives towards a sustainable growth viz., launched dedicated crop protection environmental lab, optimum utilisation of resources, responsible management of waste and effluents, reducing the energy consumption and air emissions and preservation of biodiversity.



**Birds Sanctuary at Kakinada Plant**

Coromandel's proactive approach in preserving the biodiversity has helped to develop large areas of its factory lands into lush green belts. In 2016-17, Company has planted about 8,800 saplings across its manufacturing sites in collaboration with local Forest Department authorities and Social Forest Conservation agencies. The Company employed dedicated staff to regularly monitor water, soil, flora, fauna and habitat to ensure that no stone is unturned in preserving the biodiversity profile of the area.

To ensure that the integrity and richness of the ecosystem is preserved, the Company has developed a Bird Sanctuary at its Kakinada manufacturing site and in collaboration with EGREE Foundation (a Naturalist local body) it has further improved its Bird Conservation efforts making the East Godavari River Estuarine Ecosystem (EGREE) region a home for 264 species of birds.

The video on 'Turning a Factory into a Bird Sanctuary' can be viewed through the link https://www.youtube.com/watch?v=Q0FDLaQUQ18

- Kakinada site received recognition from UNDP for its Bird Sanctuary inside the Factory Premises.
- Coromandel won 'Sustainable Waste & Resource Management Award' during India Sustainability Leadership Summit Awards - 2016.

Coromandel give primary importance and ensures all regulatory compliance with respect to ensuring the emissions, discharge and wastes disposal are within the permissible limits given by CPCB / SPCB. The company files the environment reports to respective government bodies and also reports are available to public in http://coromandel.biz/she_compliance_report.html. No show-cause/legal notice is pending against the company from CPCB/SPCB for the year 2016-17.

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

Coromandel engages in policy advocacy in a responsible manner through its membership in various industry forums & associations. Coromandel contributes its views in the setting of new industry standards and regulatory development pertaining to the fertilizer industry in areas such as fertilizer policies, subsidy policies, industry economic reforms, improving industry standards, development of new and unique grades of products for enhanced crop yields, inclusive development policies etc. The Company works with apex industry institutions that are engaged in policy advocacy, like the

1. Fertilizer Association of India (FAI)
2. International Fertilizer Industry Association (IFA)
3. Crop Care Federation of India (CCFI)
4. Pesticide Manufacturers and Formulators Association of India (PMFA)
5. Southern Indian Chamber of Commerce and Industry (SICCI)
6. Confederation of Indian Industry (CII)
7. The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI)
8. National Safety Council

Coromandel Leadership team plays an active role in industry federations. For example, Mr. Sameer Goel, Managing Director, is a Director in FAI, Mr. G Veerabhadram, President-Crop Protection, is a Director in CCFI and Dr. Kuppusamy, Sr. GM & Head-Regulatory Affairs (Crop Protection) is a Technical Committee member in CCFI. Coromandel's engagement with the relevant authorities for responsible advocacy is guided by the values of integrity, respect and responsibility and with sustainable value for all stakeholders. Few of the key areas that Coromandel has advocated through industry associations for the advancement and benefits of farmers are mentioned below.

1. Quality testing of SSP
2. Priority of 'Make in India' concept for Fertiliser industry
3. Balanced use of Fertiliser Nutrients
4. Neem oil coating of Urea
5. Micro Nutrient Fortification
6. Use of Sulphur enhanced Fertiliser
7. Promoting organic manure
8. Usage of Gypsum

Further, Coromandel ties-up with district/taluk/block level government agri-extension officers for joint farmer sessions. For social development initiatives and projects, it engages with the local administrative bodies and state governments to seek their participation and expertise support.

**Principle 8: Businesses should support inclusive growth and equitable development**

Coromandel, in line with its CSR policy, has been focusing on upliftment of the society by implementing the programs related to health, education and community development, to make a meaningful impact on their lives. The aim is to improve the wellbeing and quality of life of the community people, focusing on communities living close to Coromandel's area of operation.

Coromandel has been carrying out Corporate Social Responsibility (CSR) activities for a long time through AMM Foundation of Murugappa Group. Coromandel is also working closely with Government as well as NGOs based on the need and expertise for implementing the program smoothly. Also, Coromandel has an in-house CSR team at every site to implement programs in coordination with various stakeholders which are coordinated from Corporate Office to ensure effective implementation and constant monitoring to create an impact in the society and ensure improved socio-economic conditions.

**Annexure J** (Contd..)

Coromandel undertook Social Impact Assessment (SIA) to ensure that the social practices are participatory and support beneficiaries to make maximum impact. This process helps the Company to understand the impact and change, capabilities required for the respective intervention and how the intervention can bring a change and to enhance benefits across the society.

Coromandel has developed various monitoring and evaluation tools to understand and assess the social and economic impact of the various CSR initiatives Viz., (a) systematic impact study of Coromandel Medical centers through a 3rd party agency in Ennore, Kakinada and Vizag to understand the social and economic impact of the program (b) impact study on WASH (Water and Sanitation and Hygiene practices) and the study revealed about significant improvement in their behaviours which in turns helps in creating social and economic impact in the society (c) Feedback from the beneficiaries as well as Doctors/Professors on the Coromandel Pediatric Ward in Government General Hospital, Kakinada, where Coromandel has transformed the old pediatric Ward into an ultra-modern Pediatric ICU and maintains the hygienic conditions in the ward.

Coromandel always tries to innovate and invest in Research and Development initiatives which gives significant results and directly or indirectly promote the wellbeing of the society.

Coromandel partners with the government at the local and national levels for smooth implementation of the development initiatives like -

- Coromandel Girl Child Education Scheme in government schools across Andhra Pradesh, Telangana, Karnataka and Tamil Nadu.
- Support to Swachh Bharat Initiative: Constructed individual toilets at community, at schools and conduct Behaviour Change Communication programs in communities and schools to bring a positive change to use the services.

Coromandel has spent around 2% of its average net profit for the previous 3 years on CSR activities across location in the areas of Education, Health and Community development. Year wise CSR expenditures are given below:

| Year | 2014-15 | 2015-16 | 2016-17 |
|---|---|---|---|
| ₹ in Lakh | 1,028 | 1,075 | 1,097 |

Coromandel always ensures that all community development initiatives should have sustainability and long term impact by ensuring participation of the community members for self-sustenance and facilitate them to take up the projects on their own. For example, Coromandel Medical Centre (CMC), support to government pediatric ward, glove making unit, skill development program, etc., Some of the activities implemented by the Company have benefitted


10,978 Children Impacted


5,955 girls benefited


26 Toilets for Girls


Extensive village coverage


7 Schools get Drinking water


13 Schools get Hand wash facilities


398 Household Toilet Built


6,869 people treated at Medical Camp


912 women got livelihood training


20 RO Plants


940 schools


Reaching around 2 Lakh Beneficiaries

the communities and created social, financial and environmental impact. These impact the household on a larger scale and also help in improving the socio-economic condition of the family.

**Impacted lives of nearly 2 Lakh community members through CSR initiatives**

Coromandel, for its efforts made during the year, received the CSR Award for best Community Development Initiative in National CSR Leadership Congress & Awards. Coromandel has also been recognized by the Government authorities and received 'SWACHHTA CERTIFICATE' for exemplary services and support towards construction and creating awareness on Open Defecation Free (ODF) and health issues in the Gram Panchayat.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

Coromandel in line with its Mission "To enhance prosperity of farmers through quality farm solutions with sustainable value for all stakeholders" continuously strives to enhance the value addition to the farmers through its various products and services which enable farmers to take informed decisions towards enhancing productivity.

Coromandel enables overall well-being of customers and the society through its various best practices and value added services at no additional cost to customers/farmers like

- Coromandel creates awareness amongst farmers on latest agri technology, nutrient requirements of crops and optimal & safe usage of agri-chemicals through extensive farmers' group meetings, seminars, webinars and village sessions.



- Soil testing services: Application of right nutrients to soil ensures higher crop yields and also reduces the cost of nutrient application. Coromandel conducts the soil testing activities through its soil testing labs and mobile soil testing kits to enhance the awareness among the farmers.
- SSP Quality - Quick Test Kits: Coromandel has developed Quick Test Kits to measure nutrient content in the product to develop quality consciousness amongst the users of Single Super Phosphate (SSP) and building quality differentiation. The Quick Test kit for SSP was demonstrated to Secretary, Department of Fertilisers, to further enable and build the quality movement in the SSP segment. During the year 2016-17, more than 350 awareness camps were conducted for farmers and around 750 SSP quick quality test were carried out.



- Farm Advisory Services: Coromandel operates 'Hello Gromor' Center (Toll free helpline for farmers) to ensure continuous availability of agri technical support to farmers over phone and also voice SMSes to the farmers from time to time customized as per seasonal requirements of the crop nutrient & protection.
- Interactive touch screen kiosks (Voice enabled): To help the farmers to diagnose the field problems by themselves, Coromandel introduced touch screen kiosks enabled with voice over/online Knowledge Sharing Portal for communicating crop specific knowledge and product attributes. Farmers can navigate through different sections and find out recommendations for their field.

The products of Coromandel are in adherence with and governed by respective Government rules and regulations like Fertiliser Control Order (FCO) and Central Insecticides Board & Registration Committee (CIB&RC). There is no restriction or barrier on entry for other market players and customers have the full freedom to select the products of their choice.

**Annexure J (Contd..)**



Coromandel discloses all the relevant information on safe and judicious usage of its product through various channels like packaging, labeling, leaflets and website. Crop protection chemicals/specialty nutrients products are provided with the information on safe handling, dosage to crop, time and method of application, thereby encouraging consumers to use products in a responsible manner. Product details, state wise and crop wise fertigation schedules are also provided to customer in SND knowledge portal of Coromandel. The Toll-free (Hello Gromor center) phone number is provided in all the packs for enabling customers to register their queries and complaints.

Coromandel ensures that all the claims made in advertising are backed by the results established through pilot experiments, field studies and demonstrations carried out in fields and with proper registration of products as per all legal requirements.

Coromandel continuously educates and creates awareness to farmers on optimal usage of fertilisers and effects of usage of higher dosage of fertilisers and crop protection chemicals through its extensive soil testing, farm advisory and farmer education sessions. In this regard, Coromandel has conducted around 45,000 Soil Tests and created awarness through dealer's training and Crop Seminars.

Coromandel promotes usage of Organic compost to rejuvenate the soil condition and enhance crop yield. Coromandel continually develops unique grades of products which enables balanced nutrient application and improves crop yield.

Coromandel receives and addresses the customer grievances through its 'Hello Gromor Centre', CRM cell & Marketing officers of respective businesses. The number of calls by Hello Gromor for the year on farm advisory to farmers is as below:




- In-bound calls - 19,230
- Outbound calls - 4,188

Around 94 product related complaints were received and addressed through CRM calls for the year 2016-17.

There are 12 customer/consumer legal cases filed and pending against the Company as on 31 March 2017. These complaints are contested claims and pending before Consumer Forum. No complaint was received against the Company with respect to unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years

Coromandel periodically conducts internal customer satisfaction surveys as well external third party surveys through research firms to obtain the customer perception and feedback on its products and services for continual improvement. Survey results of business depicts that Coromandel's product recieves repeated purchase and farmers make informed decision during buying process, with better understanding and usage of nutrients and new farming practices. Coromandel, in line with its brand essence 'Maximise', persistently work towards maxmizing the sustainable value for all stakeholders by delivering the promise, reliability assurance, value for money and exceeding expectations of customers.

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# Standalone Financial Statements

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# Independent Auditor's Report

## TO THE MEMBERS OF COROMANDEL INTERNATIONAL LIMITED

### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **COROMANDEL INTERNATIONAL LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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, of the state of affairs of the Company as at 31 March, 2017 and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:

    a) We have sought and 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

    g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;

        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in the Standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November, 2016 of the Ministry of Finance, during the period from 8 November 2016 to 30 December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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



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

**Secunderabad,** 28 April, 2017

# Annexure "A" to the Independent Auditor's Report

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

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **COROMANDEL INTERNATIONAL LIMITED** ("the Company") as of 31 March, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

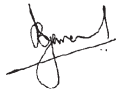
**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



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

**Secunderabad,** 28 April, 2017

# Annexure "B" to the Independent Auditor's Report

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

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

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

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

In respect of immovable properties of land and buildings that have been taken on lease, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement as at the balance sheet date, except the following:

| Particulars of the land and building | Carrying Amount (₹ in Lakhs) | Remarks |
|---|---|---|
| Leasehold Land | 18.17 | Lease deed in respect of land admeasuring 14,254 square meters at Madri, Udaipur taken on lease is pending to be transferred to the name of the Company. |

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 for Fertilisers and Insecticides. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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

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

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on 31 March 2017 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) | Amount unpaid (₹ in Lakhs) |
|---|---|---|---|---|---|
| The Income Tax Act, 1961 | Income Tax | Income Tax Appellate Tribunal | 2003-2004, 2006 -2007 to 2008 -2009. | 108 | 108 |
| | | Commissioner of Income Tax (Appeals) | 2005-2006 to 2006-2007, 2009-2010 to 2011-2012, 2013-14 | 677 | 670 |
| West Bengal Sales Tax Act, 1994 | Sales tax | Assistant Commissioner (Appeals) | 2002-2003 | 4 | 4 |
| | | Sales Tax Appellate Tribunal | 2008-2009, 2012-2013 | 1,058 | 958 |
| | | Senior Joint Commissioner Commercial | 2012-2013 | 17 | 12 |
| Andhra Pradesh General Sales Tax Act, 1957 | Sales tax | Additional Commissioner Legal | 1995-1996 to 1997-1998 | 27 | 27 |
| | | Sales Tax Appellate Tribunal | 2002-2003 to 2003-2004 | 93 | 62 |
| Uttar Pradesh Value Added Tax Act, 2008 | Sales tax | Deputy Commissioner | 2008-2009 | 125 | 111 |
| | | Deputy Commissioner Appeal | 2012-2013 | 1 | 1 |
| | | Appellate Deputy Commissioner | 2012-2013 | 40 | 40 |
| | | Assistant Commissioner | 2013-2014 | 2 | 1 |
| Gujarat Value Added Tax Act, 2003 | Sales tax | Joint Commissioner | 2010-2011 & 2011-2012 | 7 | 7 |
| | | Joint Commissioner (Appeals) | 2011-2012 | 104 | 104 |
| Rajasthan Value Added Tax Act, 2003 | Sales tax | Deputy Commissioner Appeal | 2012-2013 | 15 | 15 |
| | | Appellate Deputy Commissioner | 2010-2011 to 2012-2013 | 27 | 24 |
| | | Assistant Commissioner | 2013-2014 | 81 | 81 |
| Electricity Supply Act, 1948 | Electricity Cess | High Court of Judicature at Hyderabad for the State of Telangana and State of Andhra Pradesh | 2003-2004 to 2013-2014 | 293 | 293 |
| Central Excise Act, 1944 | Excise duty | High Court of Judicature at Hyderabad for the State of Telangana and State of Andhra Pradesh | 2003 to 2007 | 254 | 254 |
| | | High Court of Madras | 2001-2003 | 7 | 7 |
| | | CESTAT | 2004-2005 to 2014-2015 | 409 | 349 |
| | | Commissioner (Appeals) | 2003-2004 to 2004-2005, 2006-2007 & 2010 -2011 to 2015-2016 | 40 | 38 |
| | | Commissioner | 2004-2005 | 3 | 3 |

| Name of Statute | Nature of Dues | Forum where Dispute is pending | Period to which the Amount relates | Amount involved (₹ in Lakhs) | Amount unpaid (₹ in Lakhs) |
|---|---|---|---|---|---|
| The Customs Act, 1962 | Customs duty | CESTAT | 2005-2006 to 2010-2011 & 2016-2017 | 78 | 73 |
| | | Commissioner of Customs (Appeals) | 2005-2006 to 2010-2011 | 344 | 344 |
| The Finance Act, 1994 | Service tax | Commissioner (Appeals) | 2009-2010 to 2010-2011 & 2015-2016 | 10 | 9 |
| | | CESTAT | 2011-2012 to 2015-2016 | 202 | 187 |
| | | High Court of Madras | 2003-2004 | 2 | 2 |

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

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. 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.

(x) 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 by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary, or associate Company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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



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

**Secunderabad,** 28 April, 2017

# Balance Sheet

as at 31 March 2017

(₹ in lakhs, unless otherwise stated)

| | Note | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|---|
| **I ASSETS** | | | | |
| **1 Non-current assets** | | | | |
| (a) Property, plant and equipment | 4 | 1,31,570 | 1,30,993 | 1,32,030 |
| (b) Capital work-in-progress | 4 | 1,371 | 3,086 | 3,855 |
| (c) Other intangible assets | 5 | 792 | 532 | 691 |
| (d) Intangible assets under development | 5 | 825 | 1,077 | 789 |
| (e) Financial assets | | | | |
| i) Investments | 6 | 33,406 | 36,941 | 42,576 |
| ii) Other financial assets | 7 | - | 1,584 | 2,834 |
| (f) Other non-current assets | 8 | 6,624 | 7,570 | 7,079 |
| | | **1,74,588** | **1,81,783** | **1,89,854** |
| **2 Current assets** | | | | |
| (a) Inventories | 9 | 1,72,461 | 2,34,576 | 2,25,235 |
| (b) Financial assets | | | | |
| i) Investments | 10 | 13 | 27 | 20 |
| ii) Trade receivables | 11 | 1,61,849 | 1,63,974 | 1,30,626 |
| iii) Government subsidies receivable | | 2,55,703 | 2,36,706 | 1,78,940 |
| iv) Cash and cash equivalents | 12 | 14,240 | 15,930 | 19,511 |
| v) Bank balances other than cash and cash equivalents | 13 | 2,112 | 2,330 | 10,105 |
| vi) Loans | 14 | 51,510 | 48,010 | 47,010 |
| vii) Other financial assets | 7 | 3,756 | 4,193 | 6,081 |
| (c) Other current assets | 15 | 20,066 | 17,056 | 23,058 |
| | | **6,81,710** | **7,22,802** | **6,40,586** |
| **Total assets** | | **8,56,298** | **9,04,585** | **8,30,440** |
| **II EQUITY AND LIABILITIES** | | | | |
| **1 Equity** | | | | |
| (a) Equity share capital | 16 | 2,917 | 2,913 | 2,913 |
| (b) Other equity | 17 | 2,78,276 | 2,47,363 | 2,25,490 |
| **Total equity** | | **2,81,193** | **2,50,276** | **2,28,403** |
| **2 Non-current liabilities** | | | | |
| (a) Financial liabilities | | | | |
| i) Borrowings | 18 | - | 4,406 | 8,857 |
| ii) Other financial liabilities | 19 | 123 | 160 | 370 |
| (b) Provisions | 20 | 1,417 | 1,779 | 1,678 |
| (c) Deferred tax liabilities (net) | 21.1 | 14,851 | 16,605 | 19,651 |
| (d) Other non-current liabilities | 22 | 1,023 | 1,071 | 2,239 |
| | | **17,414** | **24,021** | **32,795** |
| **3 Current liabilities** | | | | |
| (a) Financial liabilities | | | | |
| i) Borrowings | 18 | 2,23,056 | 2,58,263 | 2,03,340 |
| ii) Trade payables | 23 | 2,93,165 | 3,23,115 | 2,96,690 |
| iii) Other financial liabilities | 19 | 31,226 | 35,393 | 58,053 |
| (b) Provisions | 20 | 1,474 | 788 | 669 |
| (c) Current tax liabilities (net) | 21.4 | 1,639 | 3,867 | 1,174 |
| (d) Other current liabilities | 22 | 7,131 | 8,862 | 9,316 |
| | | **5,57,691** | **6,30,288** | **5,69,242** |
| **Total liabilities** | | **5,75,105** | **6,54,309** | **6,02,037** |
| **Total equity and liabilities** | | **8,56,298** | **9,04,585** | **8,30,440** |

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: Secunderabad
Date: 28 April 2017

For and on behalf of the Board of Directors

Sameer Goel
Managing Director

S. Sankarasubramanian
Chief Financial Officer

A. Vellayan
Chairman

P. Varadarajan
Company Secretary

# Statement of Profit and Loss

for the year ended 31 March 2017

(₹ in lakhs, unless otherwise stated)

| | | Note | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|---|---|
| I | **Income** | | | |
| | Revenue from operations | 24 | 10,18,530 | 11,62,498 |
| | Other income | 25 | 5,338 | 6,538 |
| | **Total income** | | **10,23,868** | **11,69,036** |
| II | **Expenses** | | | |
| | Cost of materials consumed | | 5,58,523 | 6,76,741 |
| | Purchases of stock-in-trade | | 1,22,073 | 2,06,047 |
| | Changes in inventories of finished goods, work-in-process and stock-in-trade | 26 | 30,560 | (11,336) |
| | Excise duty | | 16,434 | 15,240 |
| | Employee benefits expense | 27 | 31,015 | 29,125 |
| | Finance costs | 28 | 22,367 | 22,091 |
| | Depreciation and amortisation expense | 29 | 9,988 | 10,555 |
| | Other expenses | 30 | 1,61,722 | 1,70,157 |
| | **Total expenses** | | **9,52,682** | **11,18,620** |
| III | **Profit before exceptional items and tax (I - II)** | | **71,186** | **50,416** |
| IV | **Exceptional item (net)** | | **-** | **2,500** |
| V | **Profit before tax (III + IV)** | | **71,186** | **52,916** |
| VI | **Tax expense:** | | | |
| | (1) Current tax | | 24,291 | 18,747 |
| | (2) Deferred tax | | (783) | (1,617) |
| | | | **23,508** | **17,130** |
| VII | **Profit for the year (V - VI)** | | **47,678** | **35,786** |
| VIII | **Other comprehensive income** | | | |
| A | (i) Items that will not be reclassified to profit or loss | | | |
| | (a) Remeasurement of defined benefit plan | | (303) | (183) |
| | (b) Net fair value loss on investments in equity shares at FVTOCI | | (3,757) | (6,434) |
| | | | **(4,060)** | **(6,617)** |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | | (972) | (1,428) |
| B | (i) Items that will be reclassified to profit or loss | | - | - |
| | **Total other comprehensive income** | | **(3,088)** | **(5,189)** |
| IX | **Total comprehensive income for the year (VII + VIII)** | | **44,590** | **30,597** |
| X | **Earnings per equity share of ₹1 each** | 35 | | |
| | Basic ₹ | | 16.35 | 12.29 |
| | Diluted ₹ | | 16.34 | 12.28 |

**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: Secunderabad
Date: 28 April 2017

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

**Sameer Goel**
Managing Director

**S. Sankarasubramanian**
Chief Financial Officer

**A. Vellayan**
Chairman

**P. Varadarajan**
Company Secretary

# Cash Flow Statement

for the year ended 31 March 2017

(₹ in lakhs, unless otherwise stated)

| | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|
| **Cash flow from operating activities** | | |
| **Profit before tax** | **71,186** | **52,916** |
| Adjustments for: | | |
| Depreciation and amortisation expense | 9,988 | 10,555 |
| (Profit)/ loss on sale/ scrap of property, plant and equipments (net) | (14) | 267 |
| Profit on sale of investment | (172) | (1) |
| Exchange differences (net) | (2,578) | 9,349 |
| Adjustment to the carrying value of investment | - | 107 |
| Gain on measuring investments at FVTPL (net) | (25) | (9) |
| Provision for doubtful trade receivables and other liabilities no longer required, written back | (178) | (252) |
| Provision for doubtful trade and other receivables, loans and advances (net) | 2,248 | 3,608 |
| Trade and other receivables written off | 977 | 118 |
| Provision for employee benefits | 21 | 220 |
| Share-based payments | 169 | 8 |
| Finance costs | 22,367 | 22,091 |
| Interest income | (4,678) | (4,660) |
| Dividend income | (25) | (16) |
| Others | (37) | 79 |
| **Operating profit before working capital changes** | **99,249** | **94,380** |
| *Changes in working capital:* | | |
| Trade payables | (21,955) | 32,864 |
| Other liabilities | (605) | (7,933) |
| Trade receivables | (1,100) | (37,568) |
| Government subsidies receivable | (18,997) | (57,766) |
| Inventories | 62,115 | (9,341) |
| Other assets | (494) | 4,486 |
| Balances in margin money/ deposit accounts | 8 | 6 |
| **Cash generated from operations** | **1,18,221** | **19,128** |
| Direct taxes paid (net of refunds) | (26,519) | (17,315) |
| **Net cash flow from operating activities (A)** | **91,702** | **1,813** |
| | | |
| **Cash flows from investing activities** | | |
| Purchase of property, plant and equipments, including capital work-in-progress and capital advances | (8,987) | (10,746) |
| Purchase of leasehold land | (135) | (28) |
| Proceeds from sale of property, plant and equipments | 1,033 | 19 |
| Investment in subsidiaries/ joint ventures | (400) | (400) |
| Amount transferred from Escrow accounts | 122 | 1,899 |
| Proceed from sale of investments | 387 | 2 |
| Inter-corporate deposits/ loans given | (51,500) | (48,000) |
| Inter-corporate deposits matured/ loans received | 48,000 | 47,000 |
| Purchase of current investments | (12,000) | (32,000) |
| Proceeds from sale of current investments | 12,000 | 32,000 |
| Interest received | 4,266 | 3,993 |
| Dividend received from current and non-current investments | 25 | 16 |
| **Net cash used in investing activities (B)** | **(7,189)** | **(6,245)** |

# Cash Flow Statement

for the year ended 31 March 2017

(₹ in lakhs, unless otherwise stated)

| | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|
| **Cash flow from financing activities** | | |
| Proceeds from issue of equity shares on exercise of employee stock options | 189 | 31 |
| Repayment of long-term borrowings | (9,407) | (18,160) |
| Increase/ (decrease) in short-term borrowings | (40,224) | 49,136 |
| Dividend paid including tax thereon | (14,030) | (8,763) |
| Interest and other borrowing costs paid | (22,731) | (21,393) |
| **Net cash (used in) / from financing activities (C)** | **(86,203)** | **851** |
| | | |
| **Net increase/ (decrease) in cash and cash equivalents (A + B + C)** | (1,690) | (3,581) |
| Cash and cash equivalents at the beginning of the year | 15,930 | 19,511 |
| Cash and cash equivalents at the end of the year | **14,240** | **15,930** |

**Note:**

Cash Flow Statement has been prepared under the Indirect method as set out in the Indian Accounting Standard 7 on Cash Flow Statements. Cash and cash equivalents in the Cash Flow Statement comprise cash at bank and in hand, demand deposits and cash equivalents which are short-term and held for the purpose of meeting short-term cash commitments.

**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: Secunderabad
Date: 28 April 2017

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

**Sameer Goel**
Managing Director

**A. Vellayan**
Chairman

**S. Sankarasubramanian**
Chief Financial Officer

**P. Varadarajan**
Company Secretary

# Statement of Changes in Equity

for the year ended 31 March 2017

(₹ in lakhs, unless otherwise stated)

**a. Equity share capital**

| | Number of shares | Amount |
|---|---|---|
| **Balance as at 1 April 2015** | **29,12,50,357** | **2,913** |
| Add: Equity shares allotted pursuant to exercise of stock options | 70,108 | * |
| **Balance as at 31 March 2016** | **29,13,20,465** | **2,913** |
| Add: Equity shares allotted pursuant to exercise of stock options | 348,662 | 4 |
| **Balance as at 31 March 2017** | **29,16,69,127** | **2,917** |

*less than a lakh

**b. Other equity**

(₹ in lakhs, unless otherwise stated)

| | Reserves and Surplus (refer Note 17) | | | | | | | Items of other comprehensive income (refer Note 17) | | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Capital reserve | Capital redemption reserve | Securities premium reserve | Central subsidy | General reserve | Share options outstanding account | Retained earnings | Equity instruments through other comprehensive income | Remeasurement of the net defined benefit plans | |
| **Balance at 1 April 2015** | **20** | **986** | **10,555** | **11** | **1,40,340** | **59** | **70,005** | **3,514** | **-** | **2,25,490** |
| Profit for the year | - | - | | - | - | - | 35,786 | - | - | 35,786 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | - | (5,069) | (120) | (5,189) |
| **Total comprehensive income for the year** | **20** | **986** | **10,555** | **11** | **1,40,340** | **59** | **1,05,791** | **(1,555)** | **(120)** | **2,56,087** |
| Recognition of share-based payments | | | - | | - | 8 | - | | | 8 |
| Amount received on exercise of employee stock options | | | 31 | | | | | | | 31 |
| Payment of dividends | - | - | - | - | - | - | (8,763) | - | - | (8,763) |
| Amounts transferred within the reserves | - | - | - | - | 30,000 | - | (30,000) | - | - | - |
| **Balance at 31 March 2016** | **20** | **986** | **10,586** | **11** | **1,70,340** | **67** | **67,028** | **(1,555)** | **(120)** | **2,47,363** |
| Profit for the year | - | - | - | - | - | - | 47,678 | - | - | 47,678 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | - | (2,891) | (198) | (3,089) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **-** | **-** | **47,678** | **(2,891)** | **(198)** | **44,589** |
| Recognition of share-based payments | | | | | | 169 | | | | 169 |
| Payment of dividends | - | - | - | - | - | - | (14,030) | - | - | (14,030) |
| Amount received on exercise of employee stock options | | | 185 | | | | | | | 185 |
| Transfer to retained earnings | - | - | - | - | - | - | - | - | - | - |
| Amounts transferred within the reserves | - | - | - | - | 30,000 | - | (30,000) | - | - | - |
| **Balance at 31 March 2017** | **20** | **986** | **10,771** | **11** | **2,00,340** | **236** | **70,676** | **(4,446)** | **(318)** | **2,78,276** |

**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: Secunderabad
Date: 28 April 2017

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

**Sameer Goel**
Managing Director

**S. Sankarasubramanian**
Chief Financial Officer

**A. Vellayan**
Chairman

**P. Varadarajan**
Company Secretary

# Notes

forming part of the financial statements

## 1 General information

Coromandel International Limited ("the Company") is a limited company incorporated in India, equity shares of which are listed on the Bombay Stock Exchange and the National Stock Exchange in India. Its parent company is E.I.D.-Parry (India) Limited.

The address of its registered office and principal place of business are disclosed in the annual report. The Company is engaged in the business of farm inputs comprising of fertiliser, crop protection, specialty nutrients and organic compost.

Our Executive Leadership Team comprises the following officers at the date of release of these financial statements:

- Sameer Goel - Managing Director
- G Veerabhadram - President - Crop Protection
- Amir Alvi - Executive Vice President & Head Manufacturing (Fertilisers)
- Arun Leslie George - Executive Vice President & Head - Business (SSP)
- B Prasannatha Rao - Executive Vice President & Head - HR
- Kalidas Pramanik - Executive Vice President - Marketing (Fertilisers & Organic)
- P Gopala Krishna - Executive Vice President - New Ventures
- P Varadarajan - Vice President - Legal and Company Secretary
- Ripu Daman Singh - Executive Vice President & Head - Retail
- S Govindarajan - Executive Vice President & Head - Commercial
- S Sankarasubramanian- Executive Vice President & Chief Financial Officer
- Srikanthan S - COO - Crop Protection

The executive leadership team reviews the results of our operations and our financial position on consolidated, operating segment and business unit levels. Our operating segments are defined by the organisation and reporting structure through which we operate our business. We categorise our operating segments into Nutrient and other allied business and Crop Protection.

The Company has 15 manufacturing facilities located across India. The Company also operates a network of retail outlets across Andhra Pradesh, Telangana and Karnataka. The Company's products are marketed all over the Country through an extensive network of dealers and its own retail centers. The crop protection products are exported to various countries.

## 2 Application of new and revised Ind AS

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment'. The amendments are applicable to the Company from 1 April 2017.

Amendment to Ind AS 7

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

Amendment to Ind AS 102

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the awards that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Company has not issued any awards that are cash-settled or which have net settlement feature.

## 3 Significant accounting policies

### 3.1 Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 ("the Act"), Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other relevant provisions of the Act, as applicable.

Upto the year ended 31 March 2016, the Company prepared its financial statements in accordance with the requirements of previous generally accepted accounting principles ("Previous GAAP"), which includes Accounting Standards ("AS") notified under the Companies (Accounting Standards) Rules, 2006 and prescribed under Section 133 of the Companies Act, 2013, as applicable and the relevant provisions of the Companies Act, 2013 / Companies Act, 1956, as applicable.

These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April 2015. Refer Note 48 for the details of reconciliations from Previous GAAP and the first-time adoption exemptions availed by the Company.

# Notes
(Contd.)

### 3.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, and on accrual basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Based on the nature of activities of the Company and the average time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

The principal accounting policies are set out below:

### 3.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

a) Sale of goods is recognised net of returns and trade discounts, when the risk and rewards of ownership are transferred to the customers. Sales include amounts recovered towards excise duty and exclude sales tax/value added tax. Revenue is also recognised on sale of goods in case where the delivery is kept pending at the instance of the customer, the risk and rewards are transferred and customer takes title and accepts billing as per usual payment terms.

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

d) Export benefits and other excise benefits are accounted for on accrual basis.

### 3.4 Other income

a) Dividend income from investments is recognised in the year in which the right to receive the payment is established.

b) Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### 3.5 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

### 3.6 Insurance claims

Insurance claims are accounted for on the basis of claims admitted/ expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

### 3.7 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee (₹), the national currency of India, which is the functional currency of the Company.

### 3.8 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

### 3.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 3.10 Employee benefits

#### 3.10.1 Defined contribution plans

Contributions paid/payable to defined contribution plans comprising of Superannuation (under a scheme of Life Insurance Corporation of India) and Provident Funds for certain employees covered under the respective Schemes are recognised in the profit or loss each year when employees have rendered service entitling them to the contributions.

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.

#### 3.10.2 Defined benefit plans

The Company's Gratuity scheme for its employees is a defined benefit retirement benefit plan. Obligation under the gratuity scheme is covered under a Scheme of Life Insurance Corporation of India (LIC) and contributions in respect of such scheme are recognized in the profit or loss. The liability as at the Balance Sheet date is provided for using the projected unit credit method, with actuarial valuations being carried out as at the end of the year.

Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

#### 3.10.3 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.

#### 3.10.4 Other long-term employee benefits

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

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

### 3.11 Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

# Notes
(Contd.)

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

### 3.12 Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

### 3.13 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

- Current tax

  Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961.

- Deferred tax

  Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

  The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

  Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

- Current and deferred tax for the year

  Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### 3.14 Property, plant and equipment

Property, plant and equipment are stated in the Balance Sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes purchase price, attributable expenditure incurred in bringing the asset to its working condition for the intended use and cost of borrowing till the date of capitalisation in the case of assets involving material investment and substantial lead time.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is provided on the straight-line method as per the useful life prescribed in Schedule II to the 2013 Act except in respect of following categories of assets in whose case the life of certain assets has been assessed based on technical advice taking into account the nature of the asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement, maintenance support etc.

| Asset | Useful lives (in years) |
|---|---|
| Plant and equipment | 5 - 25 |
| Vehicles | 5 - 7 |
| Office equipment, furniture and fixtures | 3 - 5 |

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Assets costing ₹ 5,000 and below are depreciated over a period of one year. Land is not depreciated.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### 3.15 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.

Intangible assets are amortised on the straight-line method. Technical know-how is amortised over their estimated useful lives ranging from

5-10 years and product registration is amortised over the period of the registration subject to a maximum of 10 years.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognized.

### 3.16 Impairment of tangible and intangible assets

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 profit or loss.

### 3.17 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 realizable value. Net realizable value represents the estimated selling price (including subsidy income, where applicable) of inventories less all estimated costs of completion and costs necessary to make the sale.

The method of determination of cost of various categories of inventories is as follows:

1. Stores and spares and packing materials - Weighted average cost.
2. Raw material - First-in-First-out basis. Cost includes purchase cost and other attributable expenses.
3. 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.
4. Stock-in-trade - Weighted average cost

### 3.18 Exceptional item

Significant gains/losses or expenses incurred arising from external events that is not expected to recur are disclosed as 'Exceptional item'.

### 3.19 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. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liabilities are 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.

### 3.20 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### 3.21 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets

3.21.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

# Notes
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- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

3.21.2 Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

3.21.3 Investments in subsidiaries, joint ventures and associates

On initial recognition, these investments are recognized at fair value plus any directly attributable transaction cost. Subsequently, they are measured at cost.

3.21.4 Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the 'Other income' line item.

3.21.5 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

3.21.6 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

3.21.7 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

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A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.21.8 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

## 3.22 Financial liabilities and equity instruments

3.22.1 Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.22.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3.22.3 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income

would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109;
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

### 3.23 Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, option contracts and interest rate swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in other comprehensive income net of applicable deferred income taxes. The gain or loss relating to the ineffective portion is recognized immediately in the statement of income. The cumulative gain or loss previously recognized in other comprehensive income remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognized in other comprehensive income is transferred to the carrying amount of the asset when it is recognized. In other cases the amount recognized in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in the other comprehensive income is transferred to statement of income.

# Notes
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**3.24 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.24.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Revenue recognition

In making their judgment, the management considered the detailed criteria for the recognition of revenue from the sale of goods set out in Ind AS 18 and, in particular, whether the Company had transferred to the buyer the significant risks and rewards of ownership of the goods.

3.24.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities within the next financial year.

| Items requiring significant estimate | Assumption and estimation uncertainty |
|---|---|
| Useful lives of property, plant and equipment | The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, there has been no change in life considered for the assets. |
| Fair value measurements and valuation processes | Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The valuation committee which is headed by the Chief Financial Officer of the Company determines the appropriate valuation techniques and inputs for fair value measurements.<br>In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. Finance team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation committee's findings to the board of directors of the Company annually to explain the cause of fluctuations in the fair value of the assets and liabilities. |
| Revenue recognition | The Company provides customer incentives, such as rebates, based on quantity purchased, timing of collections etc. Various estimates are made to recognise the impact of rebates and other incentives on revenue. These estimates are made based on historical and forecasted data, contractual terms and current conditions. |
| Subsidy income | Subsidy income 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. |
| Provision for doubtful receivables | The Company makes provision for doubtful receivables based on a provision matrix which takes into account historical credit loss experience and adjusted for current estimates. |
| Estimation of net realisable value of inventories | Inventories are stated at the lower of cost and net realisable value. In estimating the net realisable value of inventories the Company makes an estimate of future selling prices and costs necessary to make the sale. |
| Provision for employee benefits | The Company uses actuarial assumptions to determine the obligations for employee benefits at each reporting period. These assumptions include the discount rate, expected long-term rate of return on plan assets, rate of increase in compensation levels and mortality rates. |
| Provision for taxes | Significant judgments are required in determining the provision for income taxes, including the amount expected to be paid/ recovered for uncertain tax positions. |

(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **4. Property, plant and equipment and capital work-in-progress** | | | |
| **Carrying amounts of:** | | | |
| Land | 26,945 | 26,945 | 26,693 |
| Buildings | 19,098 | 19,641 | 19,601 |
| Road | 505 | 660 | 731 |
| Railway slidings | 2,019 | 2,117 | 2,189 |
| Plant and equipment | 80,789 | 79,245 | 80,395 |
| Office equipment | 858 | 913 | 991 |
| Furniture and fixtures | 705 | 796 | 678 |
| Vehicles | 651 | 676 | 752 |
| | **1,31,570** | **1,30,993** | **1,32,030** |
| Capital work-in-progress | 1,371 | 3,086 | 3,855 |

| | Land | Buildings | Road | Railway slidings | Plant and equipment | Office equipment | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Details of Property, plant and equipment** | | | | | | | | | |
| **Cost or deemed cost** | | | | | | | | | |
| **Balance as at 1 April 2015** | **26,693** | **24,999** | **1,734** | **2,870** | **1,56,943** | **4,513** | **3,445** | **2,175** | **2,23,372** |
| Additions | 252 | 690 | 120 | 110 | 7,563 | 379 | 314 | 186 | 9,614 |
| Disposals/ adjustments | - | 9 | - | 8 | 1,322 | 72 | 335 | 82 | 1,828 |
| **Balance at 31 March 2016** | **26,945** | **25,680** | **1,854** | **2,972** | **1,63,184** | **4,820** | **3,424** | **2,279** | **2,31,158** |
| Additions | - | 331 | 36 | 87 | 9,683 | 437 | 96 | 247 | 10,917 |
| Disposals/ adjustments | - | 183 | - | - | 3,795 | 246 | 54 | 282 | 4,560 |
| **Balance at 31 March 2017** | **26,945** | **25,828** | **1,890** | **3,059** | **1,69,072** | **5,011** | **3,466** | **2,244** | **2,37,515** |

**Notes:**

1. Above includes opening gross block of ₹1,407 lakhs (2016: ₹1,295 lakhs and 2015: ₹909 lakhs) and additions amounting to ₹213 lakhs (2016: ₹112 lakhs) in respect of in-house Research and Development.
2. Refer Note 18.1 for details of assets pledged.

| | Land | Buildings | Road | Railway slidings | Plant and equipment | Office equipment | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Accumulated depreciation and impairment** | | | | | | | | | |
| **Balance as at 1 April 2015** | **-** | **5,398** | **1,003** | **681** | **76,548** | **3,522** | **2,767** | **1,423** | **91,342** |
| Disposals/ adjustments | - | 1 | - | 8 | 1,128 | 66 | 331 | 54 | 1,588 |
| Depreciation expense | - | 642 | 191 | 182 | 8,519 | 451 | 192 | 234 | 10,411 |
| **Balance at 31 March 2016** | **-** | **6,039** | **1,194** | **855** | **83,939** | **3,907** | **2,628** | **1,603** | **1,00,165** |
| Disposals/ adjustments | - | 26 | - | - | 3,495 | 188 | 43 | 222 | 3,974 |
| Depreciation expense | - | 717 | 191 | 185 | 7,839 | 434 | 176 | 212 | 9,754 |
| **Balance at 31 March 2017** | **-** | **6,730** | **1,385** | **1,040** | **88,283** | **4,153** | **2,761** | **1,593** | **1,05,945** |

# Notes
(Contd.)

(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **5. Other intangible assets and intangible assets under development** | | | |
| **Carrying amounts of:** | | | |
| Product registrations | 569 | 220 | 290 |
| Technical know-how | 223 | 312 | 401 |
| | **792** | **532** | **691** |
| Intangible assets under development | 825 | 1,077 | 789 |

| | Product registrations | Technical know-how | Total |
|---|---|---|---|
| **Details of Intangible assets** | | | |
| **Cost or deemed cost** | | | |
| **Balance as at 1 April 2015** | **678** | **725** | **1,403** |
| Additions | - | - | - |
| Disposals/ adjustments | - | - | - |
| **Balance as at 31 March 2016** | **678** | **725** | **1,403** |
| Additions | 494 | - | 494 |
| Disposals/ adjustments | - | - | - |
| **Balance as at 31 March 2017** | **1,172** | **725** | **1,897** |

| | Product Registration | Technical know-how | Total |
|---|---|---|---|
| **Accumulated amortisation and impairment** | | | |
| **Balance as at 1 April 2015** | **388** | **324** | **712** |
| Amortisation expense | 55 | 89 | 144 |
| Disposals/ adjustments | 15 | - | 15 |
| **Balance as at 31 March 2016** | **458** | **413** | **871** |
| Amortisation expense | 145 | 89 | 234 |
| Disposals/ adjustments | - | - | - |
| **Balance as at 31 March 2017** | **603** | **502** | **1,105** |

# Notes

(Contd.)

(₹ in lakhs, unless otherwise stated)

| | | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|---|
| **6.** | **Non-current investments** | | | |
| | Quoted equity instruments | | | |
| | (a) investments in quoted equity instruments at FVTPL | | | |
| | **Rama Phosphate Limited** | 12 | 5 | 3 |
| | 13,719 (2016: 13,719 and 2015: 13,719) Equity shares of ₹10 each, fully paid-up | | | |
| | **Total aggregate quoted investments (A)** | **12** | **5** | **3** |
| | | | | |
| | Unquoted equity instruments | | | |
| | (b) Investment in subsidiaries at cost | | | |
| | **Liberty Pesticides and Fertilisers Limited** | 113 | 113 | 113 |
| | 7,50,000 (2016: 7,50,000 and 2015: 7,50,000) Equity shares of ₹10 each, fully paid-up | | | |
| | **Parry Chemicals Limited** | 1,000 | 1,000 | 1,000 |
| | 1,00,00,000 (2016: 1,00,00,000 and 2015: 1,00,00,000) Equity shares of ₹10 each, fully paid-up | | | |
| | **CFL Mauritius Limited** | 10,281 | 10,281 | 10,281 |
| | 2,20,25,000 (2016: 2,20,25,000 and 2015: 2,20,25,000) Ordinary shares of USD 1 each, fully paid-up | | | |
| | **Sabero Australia Pty Limited** | 41 | 30 | 30 |
| | 5,578 (2016: 4,147 and 2015: 4,147) Equity shares of Australian Dollar 14 each fully paid-up | | | |
| | **Sabero Europe B.V.** | 8 | 8 | 8 |
| | 61 (2016: 61 and 2015: 61) Equity shares of Dutch Guilder 453.78 each fully paid-up | | | |
| | **Sabero Argentina S.A.** | 17 | 17 | 17 |
| | 161,500 (2016: 1,61,500 and 2015: 1,61,500) Equity Shares of Argentina Peso 1 each fully paid-up | | | |
| | **Sabero Organics America S.A.** | 793 | 793 | 793 |
| | 33,88,057 (2016: 33,88,057 and 2015: 33,88,057) Equity Shares of Brazilian Real 1 each fully paid-up | | | |
| | **Coromandel Agronegocios de Mexico, S.A de C.V** (formerly Sabero Organics Mexico S.A de C.V) | 29 | 2 | 2 |
| | 4,99,477 (2016: 49,999 and 2015: 49,999) Equity shares of Mexican Peso 1 each fully paid-up | | | |
| | **Dare Investments Limited** | 500 | 500 | 500 |
| | 50,00,000 (2016: 50,00,000 and 2015: 50,00,000) Equity shares of ₹10 each, fully paid-up | | | |
| | **Coromandel Brasil Limitada, Limited Liability Partnership**** | 466 | 466 | 466 |
| | 18,315 (2016: 18,315 and 2015: 18,315) Quotas of Brazilian Real 100 each, fully paid-up | | | |
| | **Total aggregate investments in subsidiaries (B)** | **13,248** | **13,210** | **13,210** |

# Notes
(Contd.)

(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **(c) Investment in joint ventures at cost** | | | |
| **Yanmar Coromandel Agrisolutions Private Limited** | 1,300 | 900 | 500 |
| 1,30,04,000 (2016: 90,04,000 and 2015: 50,04,000) Equity shares of ₹10 each, fully paid-up | | | |
| **Coromandel SQM (India) Private Limited** | 500 | 500 | 500 |
| 50,00,000 (2016: 50,00,000 and 2015: 50,00,000) Ordinary shares of ₹10 each, fully paid-up | | | |
| **Coromandel Getax Phosphates Pte Limited** | - | 219 | 219 |
| Nil (2016: 5,00,000 and 2015: 5,00,000) Ordinary shares of USD 1 each, fully paid-up | | | |
| Less: Impairment allowance | | (107) | |
| **Total aggregate investments in joint ventures (C)** | **1,800** | **1,512** | **1,219** |
| | | | |
| **(d) Investment in associate at cost** | | | |
| **Sabero Organics Philippines Asia Inc. - Associate** | * | * | * |
| 320 (2016: 318 and 2015: 318) Equity shares of PHP$100 each fully paid-up | | | |
| | | | |
| **(e) Other equity instruments at FVTOCI** | | | |
| **Tunisian Indian Fertilisers S.A.#** | 4,719 | 7,152 | 11,862 |
| 41,79,848 (2016: 41,79,848 and 2015: 33,75,000) Ordinary shares of Tunisian Dinars (TND) 10 each, fully paid up | | | |
| **Nandesari Environment Control Limited** | 8 | * | * |
| 2,000 (2016: 2,000 and 2015: 2,000) Equity shares of ₹10 each, fully paid-up | | | |
| **Ranar Agrochem Limited** (formerly Prathyusha Chemicals and Fertilisers Limited) | 2 | 2 | 2 |
| 10,01,000 (2016: 10,01,000 and 2015: 10,01,000) Equity shares of ₹10 each, fully paid-up | | | |
| **Indian Potash Limited** | 922 | 1,302 | 1,302 |
| 90,000 (2016: 90,000 and 2015: 90,000) Equity shares of ₹10 each, fully paid-up | | | |
| **Foskor (Pty) Limited** | 3,447 | 4,426 | 3,094 |
| 1,99,590 (2016: 1,99,590 and 2015: 1,99,590) Ordinary shares of South African Rand 1 each, fully paid-up | | | |
| **Murugappa Management Services Limited** | 73 | 73 | 73 |
| 16,139 (2016: 16,139 and 2015: 16,139) Equity shares of ₹100 each, fully paid-up | | | |
| **Bharuch Enviro Infrastructure Limited** | 106 | 80 | 80 |
| 16,100 (2016: 16,100 and 2015: 16,100) Equity shares of ₹10 each, fully paid-up | | | |
| **Narmada Clean Tech** | 68 | 68 | 68 |
| 2,75,000 (2016: 2,75,000 and 2015: 2,75,000) Equity shares of ₹10 each, fully paid-up | | | |
| **A.P. Gas Power Corporation Limited** | 8,448 | 8,448 | 8,448 |
| 53,92,160 (2016: 53,92,160 and 2015: 53,92,160) Equity shares of ₹10 each, fully paid-up | | | |
| **Total aggregate Equity investments at FVTOCI (E)** | **17,793** | **21,551** | **24,929** |

# Notes
(Contd.)

(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **(f) Other investments at FVTPL** | | | |
| **Faering Capital India Evolving Fund** | 414 | 471 | 472 |
| 36,435 (2016: 46,658 and 2015: 46,832) units of ₹1,000 each, fully paid-up | | | |
| **Total aggregate other investments (F)** | **414** | **471** | **472** |
| **(g) Others** | | | |
| Share application money pending allotment - at cost | 139 | 192 | 192 |
| Loans at FVTOCI*** | - | - | 2,551 |
| **Total aggregate others (G)** | **139** | **192** | **2,743** |
| **Total investments (A) + (B) + (C) + (D) + (E) + (F)+ (G)** | **33,406** | **36,941** | **42,576** |
| *less than a lakh | | | |
| Aggregate amount of quoted investments and market value thereof | 12 | 5 | 3 |
| Aggregate amount of unquoted investments | 33,394 | 36,936 | 42,573 |
| Aggregate amount of impairment in value of investments | - | 107 | - |

**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, except 8,04,848 shares. During the year ended 31 March 2016, the compulsorily convertible loan and interest accrued thereon have been converted into Ordinary shares of TIFERT.

** the Company holds 100% of the quotas and is the only partner in the Limited Liability Partnership.

*** represents loan amounting ₹Nil (2016: ₹Nil; 2015: ₹2,551 Lakhs) to TIFERT which is compulsorily convertible to equity shares at the end of three years from November 2012.

## 7. Other financial assets

| | | | |
|---|---|---|---|
| **Financial assets carried at fair value through profit or loss (FVTPL)** | | | |
| Derivatives that are not designated in hedge accounting relationships | | | |
| Foreign currency forward contracts | 1,361 | 357 | 249 |
| Currency and interest rate swaps | - | 2,999 | 7,642 |
| Option contracts | - | - | 184 |
| | **1,361** | **3,356** | **8,075** |
| **Financial assets carried at amortised cost** | | | |
| Advances with related parties | 485 | 265 | 500 |
| Interest accrued but not due on deposits, loans, others | 1,173 | 761 | 340 |
| Insurance claims receivable | 737 | 1,395 | - |
| | **2,395** | **2,421** | **840** |
| | **3,756** | **5,777** | **8,915** |
| Current | 3,756 | 4,193 | 6,081 |
| Non-current | - | 1,584 | 2,834 |
| | **3,756** | **5,777** | **8,915** |

# Notes
(Contd.)

(₹ in lakhs, unless otherwise stated)

| | | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 |
|---|---|---|---|---|
| **8.** | **Other non-current assets** | | | |
| | Capital advances | 912 | 1,373 | 1,217 |
| | Pre-payment for leasehold land | 2,574 | 2,976 | 2,997 |
| | Deposits | 3,081 | 3,076 | 2,748 |
| | Others | 57 | 145 | 117 |
| | | **6,624** | **7,570** | **7,079** |
| **9.** | **Inventories** | | | |
| | Raw materials | 38,120 | 51,308 | 69,893 |
| | Raw materials in-transit | 17,243 | 35,002 | 18,509 |
| | Work-in-process | 2,499 | 2,175 | 5,128 |
| | Finished goods | 79,693 | 95,057 | 80,213 |
| | Stock-in-trade | 28,584 | 44,104 | 44,659 |
| | Stores and spares | 3,764 | 3,840 | 3,807 |
| | Packing materials | 2,558 | 3,090 | 3,026 |
| | | **1,72,461** | **2,34,576** | **2,25,235** |
| | Note: For details of inventories pledged refer Note 18 and refer Note 3.16 for basis of valuation | | | |
| **10.** | **Current investments** | | | |
| | **Quoted instruments at FVTPL** | | | |
| | **Ashnoor Textile Mills Limited** | - | * | * |
| | Nil (2016: 238 and 2015: 238) Equity shares of ₹10 each, fully paid-up | | | |
| | **I G Petrochemicals Limited** | - | 13 | 7 |
| | Nil (2016: 13,000 and 2015: 13,000) Equity shares of ₹10 each, fully paid-up | | | |
| | **Canara Robecco Gold Saving Fund** | 13 | 13 | 12 |
| | 1,49,284.652 (2016: 1,49,284.652 and 2015: 1,49,284.652) units of ₹10 each | | | |
| | **Total quoted investments (A)** | **13** | **26** | **19** |
| | **Unquoted other investments at FVTPL** | | | |
| | **UTI Master Shares** | * | * | * |
| | 1,000 (2016: 1,000 and 2015: 1,000) shares of ₹10 each, fully paid-up | | | |
| | **Government securities** | - | 1 | 1 |
| | **Total unquoted investments (B)** | **-** | **1** | **1** |
| | **Total current investments (A) + (B)** | **13** | **27** | **20** |
| | *less than a lakh | | | |
| | Aggregate amount of quoted investments and market value thereof | 13 | 26 | 19 |
| | Aggregate amount of unquoted investments | - | 1 | 1 |
| | Aggregate amount of impairment in value of investments | - | - | - |

| | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 |
|---|---|---|---|
| **11. Trade receivables** | | | |
| (a) Secured, considered good | 7,487 | 6,965 | 6,511 |
| (b) Unsecured, considered good | 1,54,362 | 1,57,009 | 1,24,115 |
| (c) Unsecured, considered doubtful | 10,083 | 7,984 | 4,495 |
| | 1,71,932 | 1,71,958 | 1,35,121 |
| Allowance for doubtful debts | 10,083 | 7,984 | 4,495 |
| | **1,61,849** | **1,63,974** | **1,30,626** |

The credit period on sales of goods varies with seasons and business segments/ markets and generally ranges between 30 to 180 days. No interest is recovered on trade receivables for payments received after the due date.

Before accepting any new customer, the Company has a credit evaluation system to assess the potential customer's credit quality and define credit limits for the customer. Credit limits attributed to customers are reviewed on an annual basis.

The Company maintains an allowance for impairment of doubtful accounts based on financial condition of the customer, ageing of the customer receivable and overdues, available collaterals and historical experience of collections from customers. Accordingly, the Company creates provision for past due receivables beyond 180 days ranging between 25%-100% after reckoning the underlying collaterals. Besides, based on the expected credit loss model the Company also provides upto 0.50% for receivables less than 180 days.

| | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|
| **Movement in the allowance for doubtful debts** | | |
| Balance at beginning of the year | 7,984 | 4,495 |
| Impairment losses recognised on receivables | 2,886 | 3,567 |
| Amounts written off during the year as uncollectible | (787) | (78) |
| **Balance at end of the year** | **10,083** | **7,984** |

The concentration of risk with respect to trade receivables is reasonably low, as its customers are located in several jurisdictions representing large number of minor receivables operating in independent markets. No single customer constitutes more than 5% balance of the total trade receivables as of the Balance Sheet date.

**Securitisation of financial assets**

The Company securitises and surrenders control over the trade receivables, though it continues to act as an agent for the collection of receivables. The dealer finance facility provided by banks to the Company's fertiliser dealers under this arrangement is ₹55,958 lakhs (2016: ₹1,05,780 lakhs; 2015: ₹68,853 lakhs).

In some of these transactions, the Company also provides credit enhancements to the transferee by way of agreeing to bear a portion of default losses. Because of the existence of credit enhancements in certain transactions, the Company continues to have the obligation to pay to the transferee, limited to the extent of credit enhancement, even if it does not collect the equivalent amounts from the original asset, and hence, such transfer or assignment does not meet the derecognition criteria resulting into the transfer not being recorded as sale. Consequently, the proceeds received from the transfer amounting ₹864 lakhs (2016: ₹4,538 lakhs; 2015: ₹Nil) are recorded as borrowings.

# Notes
(Contd.)

(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **12. Cash and cash equivalents** | | | |
| Cash on hand | 38 | 53 | 32 |
| Balances with Banks: | | | |
| On Current accounts | 9,891 | 8,876 | 15,979 |
| On Deposit accounts | 4,311 | 7,001 | 3,500 |
| | **14,240** | **15,930** | **19,511** |
| **13. Bank balances other than cash and cash equivalents** | | | |
| Restricted | | | |
| Dividend accounts | 1,395 | 1,477 | 7,335 |
| Bonus debenture redemption and interest | 708 | 714 | 726 |
| Escrow accounts | - | 122 | 2,021 |
| Margin money/ deposit | 9 | 17 | 23 |
| | **2,112** | **2,330** | **10,105** |

**Unclaimed dividend accounts**

If the dividend has not been claimed within 30 days from the date of its declaration, the Company is required to transfer the total amount of the dividend which remains unpaid or unclaimed, to a special account to be opened by the Company in a scheduled bank to be called "Unpaid Dividend Account". The unclaimed dividend lying in such account is required to be transferred to the Investor Education and Protection Fund (IEPF), administered by the Central Government after a period of seven years from the date of declaration.

**Bonus debenture redemption and interest**

If the proceeds on maturity of debentures and interest thereon has not been claimed within 30 days from the date of its declaration, the Company is required to transfer the total amount of the debenture which remains unpaid or unclaimed, to a special account to be opened by the Company in a scheduled bank to be called "Unpaid debenture account". The unclaimed amounts lying in such account is required to be transferred to the Investor Education and Protection Fund (IEPF), administered by the Central Government after a period of seven years from the date of declaration.

**Escrow accounts**

Represents indemnity amounts held back in accordance with the share purchase agreements in respect of acquisitions.

**Margin money / deposit**

Amounts in margin money/deposit accounts represents amounts deposited with certain government agencies.

| | | | |
|---|---|---|---|
| **14. Loans** | | | |
| **At amortised cost** | | | |
| (Unsecured, considered good) | | | |
| Loans and advances to related parties | 10 | 10 | 10 |
| Inter-corporate deposits | 51,500 | 48,000 | 47,000 |
| | **51,510** | **48,010** | **47,010** |
| Current | 51,510 | 48,010 | 47,010 |
| Non-current | - | - | - |
| | **51,510** | **48,010** | **47,010** |

# Notes

(Contd.)

(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **15. Other current assets** | | | |
| Advances recoverable in kind or for value to be received | | | |
| Considered good | 15,883 | 13,051 | 16,653 |
| Considered doubtful | 360 | 211 | 92 |
| | 16,243 | 13,262 | 16,745 |
| Less: Impairment allowance | 360 | 211 | 92 |
| | 15,883 | 13,051 | 16,653 |
| Others | 4,183 | 4,005 | 6,405 |
| | **20,066** | **17,056** | **23,058** |

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **16. Equity** | | | |
| **16.1 Equity share capital** | | | |
| **Authorised Share capital :** | | | |
| 35,00,00,000 fully paid equity shares of ₹1 each (2016: 35,00,00,000 and 2015: 35,00,00,000) equity shares of ₹1 each | 3,500 | 3,500 | 3,500 |
| **Issued, subscribed and fully paid-up:** | | | |
| 29,16,69,127 (31 March 2016 : 29,13,20,465 and 2015: 291,250,357) fully paid equity shares of ₹1 each | 2,917 | 2,913 | 2,913 |
| | **2,917** | **2,913** | **2,913** |

| | Numbers of Shares | Amount |
|---|---|---|
| **16.2 Reconciliation of number of equity shares and amount outstanding at the beginning and at the end of the year:** | | |
| **Balance as at 1 April 2015** | **29,12,50,357** | **2,913** |
| Add: Equity shares allotted pursuant to exercise of stock options | 70,108 | * |
| **Balance as at 31 March 2016** | **29,13,20,465** | **2,913** |
| Add: Equity shares allotted pursuant to exercise of stock options | 3,48,662 | 4 |
| **Balance as at 31 March 2017** | **29,16,69,127** | **2,917** |

*less than a lakh

**16.3 Rights, preferences and restriction relating to each class of share capital:**

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

**16.4** As at 31 March 2017, E.I.D.-Parry (India) Limited (Parent Company) held 17,71,55,580 (2016: 17,71,55,580, 2015: 17,71,55,580) equity shares of ₹1 each fully paid-up representing 60.74% (2016: 60.81%, 2015: 60.83%) of the paid up capital. ICICI Prudential Life Insurance Company Limited held 1,47,30,079 (2016: 1,51,32,363, 2015: 1,26,12,330) equity shares of ₹1 each fully paid-up representing 5.05% (2016: 5.19%, 2015: 4.33%). There are no other shareholders holding more than 5 % of the issued capital.

# Notes
(Contd.)

**(₹ in lakhs, unless otherwise stated)**

**16.5 Share options granted under the Company's employee share option plan**

As at 31 March 2017, shares reserved for issue under the 'ESOP 2007' scheme is 87,94,148 (2016: 91,42,810, 2015: 92,12,918) equity shares of ₹1 each and under the 'ESOP 2016' scheme is 1,45,81,000 (2016: Nil; 2015: Nil) equity shares of ₹1 each.

Share options granted under the Company's employee share option plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are provided below in Note 33.

**16.6 Details of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date**

During the year ended 31 March 2015:

(a) 25,74,193 equity shares of ₹1 each fully paid-up were allotted to shareholders of ertwhile Liberty Phosphate Limited (LPL) in the proportion of 7 equity shares of ₹1 each of the Company for every 8 equity shares of ₹10 each held in the LPL pursuant to the Scheme of Amalgamation between LPL and the Company.

(b) 53,09,210 equity shares of ₹1 each fully paid-up were allotted to shareholders of ertwhile Sabero Organics Gujarat Limited (Sabero) in the proportion of 5 equity shares of ₹1 each of the Company for every 8 equity shares of ₹10 each held in Sabero pursuant to the Scheme of Amalgamation between Sabero and the Company.

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **16.7 Cumulative redeemable preference shares** | | | |
| **Authorised capital** | | | |
| 5,000,000 (2016: 50,00,000; 2015: 50,00,000) cumulative redeemable preference shares of ₹10 each | 500 | 500 | 500 |

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

No such cumulative redeemable preference shares are issued and outstanding as of 31 March 2017 (2016: Nil; 2015: Nil).

# Notes
(Contd.)

(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **17. Other equity** | | | |
| General reserve | 2,00,340 | 1,70,340 | 1,40,340 |
| Retained earnings | 70,676 | 67,028 | 70,005 |
| Capital reserve | 20 | 20 | 20 |
| Capital redemption reserve | 986 | 986 | 986 |
| Securities Premium Account | 10,771 | 10,586 | 10,555 |
| Central subsidy | 11 | 11 | 11 |
| Shares options outstanding account | 236 | 67 | 59 |
| Equity Instruments through OCI | (4,446) | (1,555) | 3,514 |
| Remeasurement of the net defined benefit plans | (318) | (120) | - |
| | **2,78,276** | **2,47,363** | **2,25,490** |

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| **(i) General reserve** | | |
| Balance at beginning of year | 1,70,340 | 1,40,340 |
| Amount transferred from retained earnings | 30,000 | 30,000 |
| | **2,00,340** | **1,70,340** |

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

| | | |
|---|---|---|
| **(ii) Retained earnings** | | |
| Balance at beginning of year | 67,028 | 70,005 |
| Profit for the year | 47,678 | 35,786 |
| Payment of dividend on equity shares | (14,030) | (8,763) |
| Amount transferred to general reserve | (30,000) | (30,000) |
| | **70,676** | **67,028** |

Retained earnings represents the Company's undistributed earnings after taxes.

In respect of the year ended 31 March 2017, the directors propose that a dividend of ₹5 per share be paid on fully paid equity shares. This equity dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend to be paid is ₹17,552 Lakhs including dividend distribution tax of ₹2,969 Lakhs.

In July 2016, a dividend of ₹4 per share (total dividend ₹14,030 lakhs including dividend distribution tax of ₹2,374 lakhs) was paid to holders of fully paid equity shares. In July 2015, the total dividend paid was ₹2.50 per share amounting to ₹7,281 lakhs including dividend distribution tax of ₹1,482 lakhs).

| | | |
|---|---|---|
| **(iii) Capital Reserve** | **20** | **20** |
| **(iv) Capital Redemption reserve** | **986** | **986** |

Capital redemption reserve has been created pursuant to the requirements of the Act under which the Company is required to transfer certain amounts on redemption of the preference shares. The Company has redeemed the underlying preference shares in the earlier years. The capital redemption reserve can be utilised for issue of bonus shares.

# Notes
(Contd.)

(₹ in lakhs, unless otherwise stated)

| | | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|
| (v) | **Securities premium reserve** | | |
| | Balance at beginning of year | 10,586 | 10,555 |
| | Amount received on exercise of employee stock option | 185 | 31 |
| | | **10,771** | **10,586** |
| | Securities premium reserve represents the amount received in excess of the face value of the equity shares. The utilisation of the securities premium reserve is governed by the Section 52 of the Act. | | |
| (vi) | **Central subsidy** | **11** | **11** |
| (vii) | **Share options outstanding account** | | |
| | Balance at beginning of year | 67 | 59 |
| | Recognition of share based payment expense | 169 | 8 |
| | | **236** | **67** |
| | Share options outstanding account relates to share options granted by the Company to its employees under its employee share option plan. These will be transferred to retained earnings after the exercise of the underlying options. | | |
| (viii) | **Reserve for equity instruments through other comprehensive income** | | |
| | Balance at beginning of year | (1,555) | 3,514 |
| | Net fair value gain/ (loss) on investments in equity instruments at FVTOCI (net of tax) | (2,891) | (5,069) |
| | | **(4,446)** | **(1,555)** |
| | This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed of. | | |
| (ix) | **Remeasurement of the net defined benefit plans** | | |
| | Balance at beginning of year | (120) | - |
| | Actuarial gain/(loss) recognised | (198) | (120) |
| | | **(318)** | **(120)** |
| | This reserve represents the actuarial gain/(loss) recognised on the defined benefit plan and will not be transferred to retained earnings. | | |

# Notes
(Contd.)

(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **18. Borrowings** | | | |
| **Secured- at amortised cost** | | | |
| Term Loans | | | |
| Banks | - | 4,406 | 8,285 |
| Others | - | - | 572 |
| Loan repayable on demand from banks | 25,693 | 41,202 | 73,654 |
| Amount payable on securitisation of financial assets | 864 | 39,538 | - |
| Short term loans from banks | 70,740 | - | - |
| **Unsecured- at amortised cost** | | | |
| Loan repayable on demand from banks | 62,557 | 1,06,145 | 99,686 |
| Short term loans from | | | |
| Banks | 52,984 | 71,378 | 30,000 |
| Others | 10,000 | - | - |
| Loans from related parties | 218 | - | - |
| | **2,23,056** | **2,62,669** | **2,12,197** |
| Long term borrowings | - | 4,406 | 8,857 |
| Short term borrowings | 2,23,056 | 2,58,263 | 2,03,340 |
| | **2,23,056** | **2,62,669** | **2,12,197** |

### 18.1 Summary of borrowing arrangements

i) There are no outstanding long-term borrowings as of 31 March 2017. In respect of earlier years:

a) the term loans from banks primarily comprise of External Commercial Borrowings (ECB) secured by paripassu charge on fixed assets of Visakhapatnam and Kakinada plants. These ECBs carried interest rates with spread ranging 155 bps to 215 bps over 3 months LIBOR and were repaid during the year. Certain ECBs amounting to ₹728 lakhs taken over from erstwhile Sabero Organics Gujarat Limited (Sabero) are secured by way of first pari passu charge on the entire fixed assets and second pari passu charge on the entire current assets of Sarigam and Dahej plants of the Company. These ECB carried interest rates with spread of 300 bps over 6 months LIBOR and were repaid in 2016.

b) Foreign currency term loan (FCTL) and rupee term loan from a financial institution amounting ₹Nil (2016: ₹584 lakhs; 2015: ₹1,334 lakhs) (including current maturities) which are taken over from erstwhile Sabero are secured by way of first pari passu charge on the entire fixed assets and second pari passu charge on the entire current assets of Sarigam and Dahej plants of the Company. Rupee term loan carried interest of 11% and the FCTL carried interest rates with spread of 450 bps over 6 months LIBOR. These loans are repaid during the year.

ii) Secured loan repayable on demand comprises cash credit balances secured by a pari-passu charge on current assets of the Company. Further, these are secured by second charge on moveable fixed assets of the Company.

iii) Secured short-term borrowings comprises commercial papers and working capital demand loan. Commercial paper is secured by a pari-passu charge on current assets of the Company. Working capital demand loan is secured by specific subsidy receivables and letter of comfort from Government of India.

iv) Unsecured loans repayable on demand comprises of buyers credit denominated in foreign currency and unsecured short-term loans comprise of commercial paper and foreign currency loans from banks.

v) Unsecured loans from related parties comprise of loan from a subsidiary, Liberty Pesticides and Fertilizers Limited.

vi) Amount payable on securitisation of financial assets is secured by way of charge over certain trade receivables and subsidy receivables.

### 18.2 Breach of loan agreement

There is no breach of loan agreement.

# Notes
(Contd.)

(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **19. Other financial liabilities** | | | |
| **Financial liabilities mandatorily measured at fair value through profit or loss (FVTPL)** | | | |
| Derivatives not designated in hedge accounting relationships | | | |
| Foreign currency forward contracts | 5,157 | 5,485 | 1,109 |
| Interest rate swap contracts | - | 60 | 162 |
| Currency and interest rate swap contracts | - | 164 | 734 |
| Option contracts | 2,177 | 332 | - |
| | **7,334** | **6,041** | **2,005** |
| **Financial liabilities carried at amortised cost** | | | |
| Guarantee issued | 109 | 219 | 70 |
| Security and trade deposits received | 10,416 | 9,917 | 9,628 |
| Current maturities of long-term debt | - | 5,001 | 22,326 |
| Interest accrued but not due on borrowings | 158 | 264 | 97 |
| Interest accrued but not due on others | 1,232 | 1,490 | 2,277 |
| Intrim dividend payable | - | - | 5,826 |
| Unclaimed dividends | 1,395 | 1,477 | 1,510 |
| Unclaimed bonus, debentures and interest | 708 | 714 | 726 |
| Payables on purchase of property, plant and equipments | 218 | 222 | 1,694 |
| Others* | 9,779 | 10,208 | 12,264 |
| | **24,015** | **29,512** | **56,418** |
| | **31,349** | **35,553** | **58,423** |
| Current | 31,226 | 35,393 | 58,053 |
| Non-current | 123 | 160 | 370 |
| | **31,349** | **35,553** | **58,423** |

*includes amount payable on contractual terms ₹9,779 lakhs (2016: ₹10,208 lakhs; 2015: ₹11,538 lakhs)

| | | | |
|---|---|---|---|
| **20. Provisions** | | | |
| Employee benefits* | 2,891 | 2,567 | 2,347 |
| | **2,891** | **2,567** | **2,347** |
| Current | 1,474 | 788 | 669 |
| Non-current | 1,417 | 1,779 | 1,678 |
| | **2,891** | **2,567** | **2,347** |

*The provision for employee benefits represents leave entitlements and gratuity. Refer Note 34(a) for details of gratuity obligation.

(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **21. Income tax** | | | |
| **21.1 Deferred tax liabilities (net)** | | | |
| Deferred tax liabilities/(assets) in relation to: | | | |
| Property, plant and equipment | 21,145 | 21,487 | 21,731 |
| Investments at FVTOCI | (972) | (405) | 1,070 |
| Provision for doubtful trade and other receivables, loans and advances | (3,614) | (2,808) | (1,568) |
| Statutory dues allowable on payment basis | (410) | (501) | (423) |
| Employees separation and retirement costs | (1,011) | (895) | (854) |
| Others | (287) | (273) | (305) |
| | **14,851** | **16,605** | **19,651** |
| **21.2 Unrecognised deductible temporary differences, unused tax losses and unused tax credits** | | | |
| Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following: | | | |
| -long-term capital loss | 74 | 290 | 290 |
| -short-term capital loss | 4 | 4 | 4 |
| -unused tax losses | - | 51 | 51 |
| | **78** | **345** | **345** |

Long-term capital loss is available for set-off till 31 March 2025 (2016: ₹290 lakhs till 31 March 2017 and 2015: ₹290 lakhs till 31 March 2017), short-term capital loss till 31 March 2020 and unused tax losses do not have any expiry.

| | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|
| **21.3 Income tax credit/ (expense) recognised directly in equity** | | |
| Tax effect on changes in fair value of other investments | 867 | 1,365 |
| Tax effect on actuarial gains/losses on defined benefit obligations | 105 | 63 |
| | **972** | **1,428** |

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **21.4 Current tax liabilities (net)** | | | |
| Income tax payable | 1,639 | 3,867 | 1,174 |
| | **1,639** | **3,867** | **1,174** |

# Notes
(Contd.)

(₹ in lakhs, unless otherwise stated)

| | | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|---|
| 21.5 | **Reconciliation of tax expense to the accounting profit is as follows:** | | |
| | **Accounting profit before tax** | **71,186** | **52,916** |
| | Tax expense at statutory tax rate of 34.61% | 24,636 | 18,313 |
| | *Adjustments:* | | |
| | Effect of income that is exempt from tax | (68) | (6) |
| | Effect of expenses that are not deductible in determining taxable profit | 45 | 239 |
| | Effect of concessions (research and development and other allowances) | (1,358) | (1,435) |
| | Effect of change in tax rate | - | 341 |
| | Others | 253 | (322) |
| | Tax expense reported in the Statement of Profit and Loss | **23,508** | **17,130** |

| | | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|---|
| **22.** | **Other liabilities** | | | |
| | Advances from customers | 3,953 | 3,568 | 3,738 |
| | Income received in advance | 1,023 | 1,071 | 2,239 |
| | Other liabilities (including statutory remittances) (Refer Note (i) below) | 3,178 | 5,294 | 5,578 |
| | | **8,154** | **9,933** | **11,555** |
| | Current | 7,131 | 8,862 | 9,316 |
| | Non-current | 1,023 | 1,071 | 2,239 |
| | | **8,154** | **9,933** | **11,555** |

**Note:**

(i) Other liabilities include indemnity amounts aggregating ₹Nil (2016: ₹122 lakhs, 2015 : ₹2,021 lakhs) held back in accordance with the share purchase agreements in respect of acquisitions

| | | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|---|
| **23.** | **Trade payables** | | | |
| | Acceptances | 2,01,491 | 2,13,115 | 1,75,847 |
| | Others | 91,674 | 1,10,000 | 1,20,843 |
| | | **2,93,165** | **3,23,115** | **2,96,690** |

Refer Note 47 for details of dues to micro and small enterprises.

# Notes
(Contd.)

(₹ in lakhs, unless otherwise stated)

| | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|
| **24. Revenue from operations** | | |
| The following is an analysis of the Company's revenue: | | |
| Sales | 7,66,278 | 8,25,476 |
| Government subsidies | 2,46,802 | 3,30,756 |
| Other operating revenue | 5,450 | 6,266 |
| **Total Revenue from operations** | **10,18,530** | **11,62,498** |
| | | |
| **Other operating revenues comprise:** | | |
| Service income | 284 | 157 |
| DEPB income/ excise benefits | 2,853 | 3,435 |
| Provision for liabilities no longer required, written back | 178 | 252 |
| Insurance claim | 681 | 645 |
| Others | 1,454 | 1,777 |
| | **5,450** | **6,266** |
| **25. Other income** | | |
| Interest income | 4,678 | 4,660 |
| Dividend income from investments carried at FVTPL | 22 | 14 |
| Dividend income from investments carried at FVTOCI | 3 | 2 |
| Guarantee income | 109 | 109 |
| Profit on sale/scrap of property, plant and equipments (net) | 14 | - |
| Profit on sale of investment | 172 | 1 |
| Gain on measuring investments at FVTPL (net) | 25 | 9 |
| Others | 315 | 1,743 |
| | **5,338** | **6,538** |
| **26. Changes in inventories of finished goods, work-in-process and stock-in-trade** | | |
| **As at 1 April** | | |
| Work-in-process | 2,175 | 5,128 |
| Finished goods | 95,057 | 80,213 |
| Stock-in-trade | 44,104 | 44,659 |
| | **1,41,336** | **1,30,000** |
| **Less: As at 31 March** | | |
| Work-in-process | 2,499 | 2,175 |
| Finished goods | 79,693 | 95,057 |
| Stock-in-trade | 28,584 | 44,104 |
| | **1,10,776** | **1,41,336** |
| | **30,560** | **(11,336)** |

# Notes
(Contd.)

(₹ in lakhs, unless otherwise stated)

| | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|
| **27. Employee benefits expense** | | |
| Salaries, wages and bonus | 25,693 | 24,346 |
| Share based payments | 169 | 8 |
| Contribution to provident and other funds | 2,215 | 1,996 |
| Staff welfare expenses | 2,938 | 2,775 |
| | **31,015** | **29,125** |
| **28. Finance cost** | | |
| Interest expense* | 21,857 | 21,526 |
| Other borrowing costs and charges | 510 | 565 |
| | **22,367** | **22,091** |

*includes ₹12 lakhs (2016: Nil) towards loan taken from a related party

| | | |
|---|---|---|
| **29. Depreciation and amortisation expense** | | |
| Depreciation of property, plant and equipment (refer Note 4) | 9,754 | 10,411 |
| Amortisation of intangible assets (refer Note 5) | 234 | 144 |
| | **9,988** | **10,555** |
| **30. Other expenses** | | |
| Stores and spares consumed | 7,227 | 6,201 |
| Power, fuel and water | 20,516 | 21,176 |
| Rent | 3,905 | 3,324 |
| Repairs to: | | |
| Buildings | 354 | 297 |
| Machinery | 2,286 | 2,270 |
| Others | 1,948 | 1,768 |
| Insurance charges | 1,164 | 869 |
| Rates and taxes | 904 | 750 |
| Freight and distribution | 82,778 | 82,739 |
| Exchange differences (net) | 10,251 | 20,955 |
| Loss on sale/scrap of property, plant and equipments (net) | - | 267 |
| Provision for doubtful trade and other receivables, loans and advances (net) | 2,248 | 3,608 |
| Trade and other receivables written off | 977 | 118 |
| Adjustment in carrying amount of investment carried at cost | - | 107 |
| Miscellaneous expenses | 27,164 | 25,708 |
| | **1,61,722** | **1,70,157** |

# Notes

(Contd.)

(₹ in lakhs, unless otherwise stated)

## 31. Segment information

### 31.1 Products and services from which reportable segments derive their revenues

The information reported to the Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessment of segment performance is based on types of goods and services. Accordingly, the Company's reportable segments under Ind AS 108 are as follows:

1. Nutrient and other allied business
2. Crop protection

The following is an analysis of the Company's revenue and results from operations by reportable segment:

| | Segment revenue | | Segment profit | |
|---|---|---|---|---|
| | For the year ended 31 March 2017 | For the year ended 31 March 2016 | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
| Nutrient and other allied business | 8,91,343 | 10,45,191 | 73,086 | 59,427 |
| Crop protection | 1,39,841 | 1,27,272 | 26,134 | 16,396 |
| | **10,31,184** | **11,72,463** | **99,220** | **75,823** |
| Less: Inter - segment | (12,654) | (9,965) | (289) | (993) |
| **Total** | **10,18,530** | **11,62,498** | **98,931** | **74,830** |
| Other income | | | 5,338 | 6,538 |
| Exceptional item | | | - | 2,500 |
| Unallocable expense | | | (10,716) | (8,861) |
| Finance costs | | | (22,367) | (22,091) |
| **Profit before tax** | | | **71,186** | **52,916** |

The accounting policies of the reportable segments are same as the Company's accounting policies. Segment profit represents the profit before interest and tax earned by each segment without allocation of central administrative costs and other income. This is the measure reported to the CODM. Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

### 31.2 Segment assets and liabilities

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **Segment assets** | | | |
| Nutrient and other allied business | 6,55,606 | 7,06,474 | 6,00,759 |
| Crop protection | 96,896 | 90,905 | 1,04,098 |
| Unallocable assets | 1,03,796 | 1,07,206 | 1,25,583 |
| **Total assets** | **8,56,298** | **9,04,585** | **8,30,440** |
| | | | |
| **Segment liabilities** | | | |
| Nutrient and other allied business | 2,94,245 | 3,29,642 | 3,00,370 |
| Crop protection | 27,596 | 24,859 | 31,531 |
| Unallocable liabilities | 2,53,264 | 2,99,808 | 2,70,136 |
| **Total liabilities** | **5,75,105** | **6,54,309** | **6,02,037** |

For the purposes of monitoring segment performance and allocating resources between segments:

1. All assets are allocated to reportable segments other than inter-corporate deposits, investments, cash and cash equivalents and derivative contracts.
2. All liabilities are allocated to reportable segments other than borrowings, defined benefit obligation and long-term employee benefits, derivative contracts, current and deferred tax liabilities.

# Notes
(Contd.)

(₹ in lakhs, unless otherwise stated)

| | Depreciation and amortisation | | Additions to non- current assets | |
|---|---|---|---|---|
| | For the year ended 31 March 2017 | For the year ended 31 March 2016 | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
| **31.3 Other segment information** | | | | |
| Nutrient and other allied business | 7,502 | 8,099 | 3,729 | 7,124 |
| Crop protection | 2,486 | 2,456 | 5,519 | 2,547 |

### 31.4 Revenue from major products

The following is an analysis of the Company's revenue from operations from its major products:

| | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|
| Phosphatic Fertilisers | 4,58,636 | 5,50,558 |
| Urea | 50,583 | 35,922 |
| Muriate of Potash | 18,827 | 14,840 |
| Single Super Phosphate | 27,136 | 35,689 |
| Others | 89,359 | 77,426 |
| | **6,44,541** | **7,14,435** |
| Government subsidies | 2,46,802 | 3,30,756 |
| **Nutrient and other allied business** | **8,91,343** | **10,45,191** |
| Crop protection | 1,39,841 | 1,27,272 |
| **Total** | **10,31,184** | **11,72,463** |
| Less: Inter - segment | (12,654) | (9,965) |
| **Revenue from operations** | **10,18,530** | **11,62,498** |

## 32. Financial instruments

### 32.1 Capital management

The Company's capital management objective is to maximise the total shareholder return by optimising cost of capital through flexible capital structure that supports growth. Further, the Company ensures optimal credit risk profile to maintain/enhance credit rating.

The Company determines the amount of capital required on the basis of annual operating plan and long-term strategic plans. The funding requirements are met through internal accruals and long-term/short-term borrowings. The Company monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

For the purpose of capital management, capital includes issued equity capital, securities premium and all other reserves. Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents and inter-corporate deposits with financial institutions.

The following table summarises the capital of the Company:

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **Equity** | **2,81,193** | **2,50,276** | **2,28,403** |
| Short-term borrowings and current portion of long-term debt | 2,23,056 | 2,63,264 | 2,25,666 |
| Long-term debt | - | 4,406 | 8,857 |
| Inter-corporate deposits with financial institutions | (51,500) | (48,000) | (47,000) |
| Cash and cash equivalents | (14,240) | (15,930) | (19,511) |
| **Net debt** | **1,57,316** | **2,03,740** | **1,68,012** |
| **Total capital (equity + net debt)** | **4,38,509** | **4,54,016** | **3,96,415** |
| Net debt to capital ratio | 0.36 | 0.45 | 0.42 |
| Interest coverage ratio | 4.18 | 3.40 | - |

(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **32.2 Categories of financial instruments** | | | |
| **Financial assets** | | | |
| **Measured at fair value through profit or loss (FVTPL)*** | | | |
| (a) Mandatorily measured: | | | |
| (i) Derivative instruments not designated in hedge accounting relationship | 1,361 | 3,356 | 8,075 |
| (ii) Equity investments | 25 | 32 | 23 |
| (iii) Other investments | 414 | 471 | 472 |
| **Measured at amortised cost** | | | |
| (a) Cash and bank balances | 16,352 | 18,260 | 29,616 |
| (b) Other financial assets at amortised cost | 4,71,457 | 4,51,111 | 3,57,416 |
| **Measured at FVTOCI*** | | | |
| (a) Investments in equity instruments designated upon initial recognition | 17,793 | 21,551 | 24,929 |
| (b) Investments in other instruments designated upon initial recognition | - | - | 2,551 |
| **Measured at cost** | | | |
| (a) Investments in equity instruments in subsidiaries, joint ventures and associate | 15,187 | 14,914 | 14,621 |
| **Financial liabilities** | | | |
| **Measured at fair value through profit or loss (FVTPL)*** | | | |
| (a) Derivative instruments not designated in hedge accounting relationship | 7,334 | 6,041 | 2,005 |
| **Measured at amortised cost** | 5,40,127 | 6,15,077 | 5,65,235 |
| **Financial guarantee contract** | 109 | 219 | 70 |

*Refer note 32.9 for fair valuation methods and assumptions.

### 32.3 Financial risk management objectives

The Company has adequate internal processes to assess, monitor and manage financial risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using financial instruments such as foreign currency forward contracts, option contracts, interest and currency swaps to hedge risk exposures and appropriate risk management policies as detailed below. The use of these financial instruments is governed by the Company's policies, which outlines principles on foreign exchange risk, interest rate risk, credit risk and deployment of surplus funds.

| Item | Primarily affected by | Risk management policies | Refer |
|---|---|---|---|
| Market risk - currency risk | USD balances and exposure towards trade payables, buyer's credit, exports, short-term and long-term borrowings | Mitigating foreign currency risk using foreign currency forward contracts, option contracts and currency swaps | Note 32.4.1 |
| Market risk - interest rate risk | Change in market interest rates | Maintaining a combination of fixed and floating rate debt; interest rate swaps for long-term borrowings; cash management policies | Note 32.4.2 |
| Market risk - other price risk | Decline in value of equity instruments | Monitoring forecasts of cash flows; diversification of portfolio | Note 32.4.3 |
| Credit risk | Ability of customers or counterparties to financial instruments to meet contractual obligations | Credit approval and monitoring practices; counterparty credit policies and limits; arrangements with financial institutions | Note 32.5 |
| Liquidity risk | Fluctuations in cash flows | Preparing and monitoring forecasts of cash flows; cash management policies; multiple-year credit and banking facilities | Note 32.6 |

# Notes
(Contd.)

(₹ in lakhs, unless otherwise stated)

### 32.4 Market risk

The Company's financial instruments are exposed to market rate changes. The Company is exposed to the following significant market risks:

- Foreign currency risk
- Interest rate risk
- Other price risk

Market risk exposures are measured using sensitivity analysis. There has been no change to the Company's exposure to market risks or the manner in which these risks are being managed and measured.

#### 32.4.1 Foreign currency risk management

The Company is exposed to foreign exchange risk on account of following:

1. Nutrient and other allied business has foreign exchange exposure for its imports of raw materials, intermediates and traded goods.
2. Crop Protection segment has foreign exchange exposure on both exports of finished goods and imports of raw materials, intermediates and traded goods.
3. Foreign currency borrowings in the form of external commercial borrowings, buyers credit, Foreign Currency Non-Repatriable (B) loans (FCNRB), packing credit etc. availed for meeting its funding requirements.

The Company has a forex policy in place whose objective is to mitigate foreign exchange risk by deploying the appropriate hedging strategies through combination of various hedging instruments such as foreign currency forward contracts, options contracts and has a dedicated forex desk to monitor the currency movement and respond swiftly to market situations. The Company follows netting principle for managing the foreign exchange exposure for each operating segment.

The Company had entered into the swap contracts to hedge the currency risks on the external commercial borrowings. There are no long-term borrowings outstanding as on 31 March 2017.

**a. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities based on gross exposure at the end of the reporting period is as under:**

| Currency | Liabilities | | | Assets | | |
|---|---|---|---|---|---|---|
| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| USD (millions) | 454.81 | 573.39 | 573.58 | 33.19 | 25.34 | 25.77 |
| INR (₹ in lakhs) | 2,94,964 | 3,79,925 | 3,58,512 | 21,520 | 16,788 | 16,105 |
| EURO (millions) | 0.03 | 0.05 | 0.03 | 0.08 | 0.08 | 0.01 |
| INR (₹ in lakhs) | 23 | 37 | 17 | 56 | 57 | 4 |

The foreign currency risk on above exposure is mitigated by derivative contracts. The outstanding contracts as at the Balance Sheet date are as follows:

(₹ in lakhs, unless otherwise stated)

b. Foreign currency forward, option contracts and currency and interest rate swaps outstanding as at the Balance Sheet date:

| | As at 31 March 2017 | | As at 31 March 2016 | | As at 1 April 2015 | |
|---|---|---|---|---|---|---|
| | Buy | Sell | Buy | Sell | Buy | Sell |
| **Forward contracts** | | | | | | |
| USD (millions) | 241.78 | 40.05 | 388.05 | 22.00 | 408.47 | 29.72 |
| INR (₹ in lakhs) | 1,56,803 | 25,971 | 2,57,124 | 14,575 | 2,55,315 | 18,576 |
| Number of contracts | 76 | 27 | 92 | 17 | 113 | 50 |
| **Option contracts** | | | | | | |
| USD (millions) | 93.50 | - | 60.00 | - | 69.00 | - |
| INR (₹ in lakhs) | 60,639 | - | 39,756 | - | 43,128 | - |
| Number of contracts | 16 | - | 11 | - | 11 | - |
| **Currency and interest rate swaps** | | | | | | |
| USD (millions) | - | - | 13.34 | - | 46.67 | - |
| INR (₹ in lakhs) | - | - | 8,839 | - | 29,171 | - |
| Number of contracts | - | - | 3 | - | 8 | - |

The forward and option contracts have been entered into to hedge the foreign currency risk on purchase of raw materials, stock-in-trade and the related buyer's credit and in certain cases the foreign currency term loan and trade receivables. The swap contracts have been entered into to hedge the currency and interest rate risks on the external commercial borrowings of the Company.

c. Net open exposures outstanding as at the Balance Sheet date:

| | Liabilities | | | Assets | | |
|---|---|---|---|---|---|---|
| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| USD (millions) | 119.53 | 112.00 | 49.44 | - | 3.34 | - |
| INR (₹ in lakhs) | 77,522 | 74,206 | 30,898 | - | 2,213 | - |
| EURO (millions) | 0.03 | 0.05 | 0.03 | 0.08 | 0.08 | 0.01 |
| INR (₹ in lakhs) | 23 | 37 | 17 | 56 | 57 | 4 |

d. Foreign currency sensitivity analysis

The Company is mainly exposed to fluctuations in US Dollar. The following table details the Company's sensitivity to a ₹1 increase and decrease against the US Dollar. ₹1 is the sensitivity used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only net outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a ₹1 change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Rupee strengthens by ₹1 against the US Dollar. For a ₹1 weakening against the US Dollar, there would be a comparable impact on the profit or equity.

| Currency USD impact on: | 2016-17 | 2015-16 | As at 1 April 2015 |
|---|---|---|---|
| Impact of ₹1 strengthening against US Dollar on profit or loss for the year | 794 | 732 | N.A. |
| Impact of ₹1 weakening against US Dollar on profit or loss for the year | (807) | (871) | N.A. |
| Impact of ₹1 strengthening against US Dollar on Equity as at the end of the reporting period | 794 | 732 | 560 |
| Impact of ₹1 weakening against US Dollar on Equity as at the end of the reporting period | (807) | (871) | (604) |

# Notes
(Contd.)

(₹ in lakhs, unless otherwise stated)

### 32.4.2 Interest rate risk management

The Company issues commercial papers, draws working capital demand loans, avails cash credit, foreign currency borrowings including buyers credit, Foreign Currency Non-Repatriable (B) loans (FCNRB), Packing Credit etc. for meeting its funding requirements.

Interest rates on these borrowings are exposed to change in respective benchmark rates. The Company manages the interest rate risk by maintaining appropriate mix/portfolio of the borrowings.

**a. Interest rate swap contract**

The Company had entered into the swap contracts to hedge the interest rate risks on the external commercial borrowings. Using interest rate swap, Company agrees to exchange floating interest rate in USD to INR fixed rate on agreed notional principal amounts. Such contracts enable the company to mitigate the interest rate risk. Refer details of the principal and interest rate swaps under Note 32.4.1(b). There are no long-term borrowings outstanding as on 31 March 2017.

**b. Interest rate sensitivity analysis**

The sensitivity analysis below has been determined for borrowings assuming the amount of borrowings outstanding at the end of the reporting period was outstanding for the whole year. A 10 basis points increase or decrease in case of foreign currency borrowings and 50 basis points increase or decrease in case of rupee borrowings is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rate had been 10 basis points higher/ lower in case of foreign currency borrowings and 50 basis points higher/ lower in case of rupee borrowings and all other variables were held constant, the Company's profit for the year ended 31 March 2017 would decrease/ increase by ₹545 lakhs (31 March 2016: ₹570 lakhs)

### 32.4.3 Other price risks

The Company is exposed to equity price risks arising from equity investments. Certain of the Company's equity investments are held for strategic rather than trading purposes. The Company also holds certain other equity investments for trading purposes.

**a. Equity price sensitivity analysis**

The sensitivity analysis below have been determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower other comprehensive income/ equity for the year ended 31 March 2017 would increase/ decrease by ₹582 Lakhs (₹705 Lakhs for the year ended 31 March 2016) as a result of the changes in fair value of equity investments measured at FVTOCI. The impact of change in equity price on profit or loss is not significant.

## 32.5 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to the customer credit risk management. The Company uses financial information and past experience to evaluate credit quality of majority of its customers and individual credit limits are defined in accordance with this assessment. Outstanding receivables and the credit worthiness of its counterparties are periodically monitored and taken up on case to case basis. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions representing large number of minor receivables operating in independent markets.

The credit risk on cash and bank balances, derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

### 32.6 Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 32.8 sets out details of additional undrawn facilities that the Company has at its disposal to reduce liquidity risk.

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31 March 2017:

| | Carrying amount | upto 1 year | 1-3 year | More than 3 year | Total contracted cash flows |
|---|---|---|---|---|---|
| Accounts payable and acceptances | 2,93,165 | 2,93,898 | - | - | 2,93,898 |
| Borrowings and interest thereon* | 2,23,214 | 2,24,702 | - | - | 2,24,702 |
| Other financial liabilities** | 23,748 | 23,628 | - | 1,500 | 25,128 |
| Foreign currency forward contracts, option contracts and interest and currency swaps | 7,334 | 7,334 | - | - | 7,334 |
| **Total** | **5,47,461** | **5,49,562** | **-** | **1,500** | **5,51,062** |

The table below provides details of financial assets as at 31 March 2017:

| | Carrying amount |
|---|---|
| Trade receivables | 1,61,849 |
| Government subsidies receivable | 2,55,703 |
| Loans | 51,510 |
| Other financial assets | 2,395 |
| **Total** | **4,71,457** |

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31 March 2016:

| | Carrying amount | upto 1 year | 1-3 year | More than 3 year | Total contracted cash flows |
|---|---|---|---|---|---|
| Accounts payable and acceptances | 3,23,115 | 3,23,809 | - | - | 3,23,809 |
| Borrowings and interest thereon* | 2,67,934 | 2,68,680 | 4,483 | - | 2,73,163 |
| Other financial liabilities** | 24,028 | 23,921 | - | 1,500 | 25,421 |
| Foreign currency forward contracts, option contracts and interest and currency swaps | 6,041 | 5,988 | 53 | - | 6,041 |
| **Total** | **6,21,118** | **6,22,398** | **4,536** | **1,500** | **6,28,434** |

# Notes
(Contd.)

(₹ in lakhs, unless otherwise stated)

The table below provides details of financial assets as at 31 March 2016:

| | Carrying amount |
|---|---|
| Trade receivables | 1,63,974 |
| Government subsidies receivable | 2,36,706 |
| Loans | 48,010 |
| Other financial assets | 2,421 |
| **Total** | **4,51,111** |

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 1 April 2015:

| | Carrying amount | upto 1 year | 1-3 year | More than 3 year | Total contracted cash flows |
|---|---|---|---|---|---|
| Accounts payable and acceptances | 2,96,690 | 2,97,094 | - | - | 2,97,094 |
| Borrowings and interest thereon* | 2,34,620 | 2,29,103 | 9,081 | - | 2,38,184 |
| Other financial liabilities** | 33,925 | 33,738 | - | 3,000 | 36,738 |
| Foreign currency forward contracts, option contracts and interest and currency swaps | 2,005 | 1,822 | 183 | - | 2,005 |
| **Total** | **5,67,240** | **5,61,757** | **9,264** | **3,000** | **5,74,021** |

The table below provides details of financial assets as at 1 April 2015:

| | Carrying amount |
|---|---|
| Trade receivables | 1,30,626 |
| Government subsidies receivable | 1,78,940 |
| Loans | 47,010 |
| Other financial assets | 840 |
| **Total** | **3,57,416** |

*Included in Borrowing and interest theron are certain borrowings which are subject to variable interest rates. Amount included in the above maturity analysis assumes interest outflows based on the year end benchmark interest rates, the actual interest rates may differ based on the changes in the benchmark interest rates.

**Other financial liabilities include deposits received from customers amounting to ₹ 10,293 Lakhs (31 March 2016: ₹ 9,810 Lakhs; 1 April 2015: ₹ 9,413 Lakhs). These deposits do not have a contractual re-payment term but are repayable on demand. Since, the Company does not have an unconditional right to defer the payment, these deposits have been classified as current balances. For including these amounts in the above mentioned maturity analysis, the Company has assumed that these deposits, including interest thereon, will be repayable at the end of the reporting period. The actual maturity period for the deposit amount and the interest thereon can differ based on the date on which these deposits are settled to the customers.

### 32.7 Financial guarantee contract

The Company has provided a sponsor guarantee for USD 41.1 million (proportionate to the shareholding of 15%) towards the borrowings of Tunisian Indian Fertilisers S.A. (TIFERT), a company based in Tunisia, manufacturing phosphoric acid. In March 2017, TIFERT has requested reschedulement of installment due to the lenders and delayed the payment. The same was not agreed to by the Lenders and the the acceleration notice was served on TIFERT by lenders on 28 March 2017. The loan instalment was immediately paid on 30 March 2017 by TIFERT however, on 4 April 2017 the lenders followed up with call notice on shareholders towards guaranteed amount (Coromandel's share USD 35.25 million outstanding as on date). The Company alongwith other shareholders of TIFERT are in discussion with the Lenders to resolve the matter with regard to liquidity situation and operational improvements of TIFERT and also to find a solution for meeting the future debt obligations of TIFERT.

Based on communication exchanged with Lenders and operational improvement initiatives taken by TIFERT, the Company reasonably considers that TIFERT would be in a position to meet the debt obligations and it is unlikely that such an event of payment under guarantee amount will arise. The Company's obligation under this financial guarantee if that amount is claimed by the counterparty to the guarantee is subject to a maximum of ₹22,861 Lakhs (31 March 2016: ₹27,233 Lakhs; 1 April 2015: ₹32,346 Lakhs). Carrying amount of the financial guarantee contract in the books is as under:

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Financial guarantee contract | 109 | 219 | 70 |

### 32.8 Financing facilities

The Company has access to financing facilities of which ₹1,79,972 Lakhs (as at 31 March 2016: ₹91,275 Lakhs; as at 1 April 2015: ₹96,660 Lakhs) were unused at the end of the reporting period. The Company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

### 32.9 Fair value measurements

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used):

| Financial assets/financial liabilities | Fair Value as at* | | | Fair value hierarchy | Valuation techniques & key inputs used |
|---|---|---|---|---|---|
| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 | | |
| 1) Foreign currency forward contracts | (3,796) | (5,128) | (860) | Level 2 | Refer Note 3(a) |
| 2) Interest rate swap contracts | - | (60) | (162) | Level 2 | Refer Note 3(a) |
| 3) Currency and interest rate swap contracts | - | 2,835 | 6,908 | Level 2 | Refer Note 3(a) |
| 4) Option contracts | (2,177) | (332) | 184 | Level 2 | Refer Note 3(b) |
| 5) Investments in quoted equity instruments at FVTPL | 25 | 31 | 22 | Level 1 | Refer Note 2 |
| 6) Investments in unquoted venture capital fund at FVTPL | 414 | 471 | 472 | Level 3 | Refer Note 4(a) |
| 7) Investments in unquoted equity instruments at FVTOCI | 16,614 | 20,026 | 23,404 | Level 3 | Refer Note 4(b) |
| | 1,179 | 1,525 | 1,525 | Level 3 | Refer Note 4(c) |

*positive value denotes financial asset (net) and negative value denotes financial liability (net)

**Notes:**

1. There were no transfers between Level 1 and 2 in the period.
2. The Level 1 financial instruments are measured using quotes in active market

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(₹ in lakhs, unless otherwise stated)

3. The following table shows the valuation technique and key input used for Level 2:

| Financial Instrument | Valuation Technique | Key Inputs used |
|---|---|---|
| (a) Foreign currency forward contracts, currency and interest rate swaps | Discounted Cash Flow | Forward exchange rates, contract forward and interest rates, observable yield curves. |
| (b) Option contract not designated in hedge accounting relationships | Black Scholes model | The significant valuation inputs considered are the option exercise price, currency spot rates, tenure, risk-free interest rates and the anticipated volatility in the underlying currency. |

4. The following table shows the valuation technique and key input used for Level 3:

| Financial Instrument | Valuation Technique | Key Inputs used | Sensitivity |
|---|---|---|---|
| (a) Investments in unquoted venture capital fund at FVTPL | Net Asset Value (NAV) method | The Company uses net asset value (NAV) as reported by the venture capital fund for its valuation purpose. | A 10% increase/ decrease in the value of unquoted investments of the fund would increase/ decrease the carrying amount of investment by ₹24 Lakhs (31 March 2016: ₹30 Lakhs; 1 April 2015: ₹26 Lakhs). |
| (b) Investments in unquoted equity instruments at FVTOCI | Discounted Cash Flow Method | Long-term growth rates, taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 2% (as at 31 March 2016: 2%; as at 1 April 2015: 0% to 2%) | If the long-term growth rates used were 100 basis points higher/lower while all the other variables were held constant, the carrying amount would increase/decrease by ₹2,165 lakhs (as at 31 March 2016: ₹1,618 lakhs; as at 1 April 2015: ₹2,256 lakhs) |
| | | Weighted average cost of capital (WACC) as determined ranging from 12% to 15% (as at 31 March 2016: 13% to 15%; as at 1 April 2015: 11% to 15%) | A 100 basis points increase/decrease in the WACC or discount rate used while holding all other variables constant would decrease/ increase the carrying amount by ₹2,080 lakhs (as at 31 March 2016: ₹1,679 lakhs; as at 1 April 2015: ₹3,224 lakhs) |
| (c) Investments in unquoted equity instruments at FVTOCI | Market Multiple Approach | Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries, ranging from 30% to 50% (as at 31 March 2016: 30% to 50%; as at 1 April 2015: 30% to 50%) | A 10% increase/ decrease in the discount for lack of marketability used in isolation would decrease/increase the carrying amount by ₹58 lakhs (as at 31 March 2016: ₹Nil; as at 1 April 2015: ₹71 lakhs) |

(₹ in lakhs, unless otherwise stated)

**Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)**

| | Fair value hierarchy | As at 31 March 2017 | | As at 31 March 2016 | | As at 1 April 2015 | |
|---|---|---|---|---|---|---|---|
| | | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial assets** | | | | | | | |
| Financial assets at amortised cost: | | | | | | | |
| - Trade receivables | Level 2 | 1,61,849 | 1,61,849 | 1,63,974 | 1,63,974 | 1,30,626 | 1,30,626 |
| - Government subsidies receivable | Level 2 | 2,55,703 | 2,55,703 | 2,36,706 | 2,36,706 | 1,78,940 | 1,78,940 |
| - Cash and cash equivalents | Level 2 | 14,240 | 14,240 | 15,930 | 15,930 | 19,511 | 19,511 |
| - Bank balances other than cash and cash equivalents | Level 2 | 2,112 | 2,112 | 2,330 | 2,330 | 10,105 | 10,105 |
| - Loans | Level 2 | 51,510 | 51,510 | 48,010 | 48,010 | 47,010 | 47,010 |
| - Other financial assets | Level 2 | 2,395 | 2,395 | 2,421 | 2,421 | 840 | 840 |

| | Fair value hierarchy | As at 31 March 2017 | | As at 31 March 2016 | | As at 1 April 2015 | |
|---|---|---|---|---|---|---|---|
| | | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial liabilities** | | | | | | | |
| Financial liabilities at amortised cost: | | | | | | | |
| - Borrowings | Level 2 | 2,23,056 | 2,23,056 | 2,67,670 | 2,67,670 | 2,34,523 | 2,34,523 |
| - Trade payables | Level 2 | 2,93,165 | 2,93,165 | 3,23,115 | 3,23,115 | 2,96,690 | 2,96,690 |
| - Other financial liabilities | Level 2 | 24,015 | 24,051 | 24,511 | 24,513 | 34,092 | 34,222 |

1. In case of trade receivables, government subsidies receivables, cash and cash equivalents, trade payables, borrowings and other financial assets and liabilities it is assessed that the fair values approximate their carrying amounts largely due to the short-term maturities of these instruments.

2. The fair values of the financial assets and financial liabilities included above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

**Reconciliation of Level 3 fair value measurements for the year ended 31 March 2017:**

| | Investments in unquoted venture capital fund at FVTPL | Investments in unquoted equity instruments at FVTOCI | Total |
|---|---|---|---|
| Opening balance | 471 | 21,551 | 22,022 |
| Total gains or losses: | | | |
| - in profit or loss | 23 | - | 23 |
| - in other comprehensive income | - | (3,758) | (3,758) |
| Purchases | - | - | - |
| Sold | (80) | - | (80) |
| **Closing balance** | **414** | **17,793** | **18,207** |

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(₹ in lakhs, unless otherwise stated)

**Reconciliation of Level 3 fair value measurements for the year ended 31 March 2016:**

| | Investments in unquoted venture capital fund at FVTPL | Investments in unquoted equity instruments at FVTOCI | Total |
|---|---|---|---|
| Opening balance | 472 | 24,929 | 25,401 |
| Total gains or losses: | | | |
| - in profit or loss | - | - | - |
| - in other comprehensive income | - | (6,176) | (6,176) |
| Purchases | - | 2,798 | 2,798 |
| Sold | (1) | - | (1) |
| **Closing balance** | **471** | **21,551** | **22,022** |

## 33 Share based payments

| Particulars | Employee Stock Option Scheme 2007 ('ESOP 2007 Scheme') | Employee Stock Option Scheme 2016 ('ESOP 2016 Scheme'): |
|---|---|---|
| Approval of shareholders | 24th July 2007 | 11th January 2017 |
| Administration | Remuneration and Nomination Committee of the Board of Directors | |
| Eligibility | The committee determines which eligible employees will receive options | |
| Number of equity shares reserved under the scheme | 1,27,85,976 | 1,45,81,000 |
| Number of equity shares per option | 1 | 1 |
| Vesting period | 1-5 years | 1-4 years |
| Exercise period | Within 6* years from date of vesting | Within 5 years from date of vesting |
| Exercise Price Determination | Latest available closing market price of the shares on the stock exchange where there is highest trading volume prior to the date of the Remuneration and Nomination Committee approving the grant. | |

* In partial modification of the special resolution passed for establishing ESOP 2007, the shareholder in their meeting held on 23 July 2012 decided to approve the extension of the exercise period of option granted under ESOP 2007 from three years to six years.

### 33.1 Employee Stock Option Scheme 2007 ('ESOP 2007 Scheme'):

a) Pursuant to the ESOP 2007 Scheme, the Company granted options which vest over a period of four years commencing from the respective dates of grant. Following are the number of options outstanding during the year:

| | For the year ended 31 March 2017 | | For the year ended 31 March 2016 | |
|---|---|---|---|---|
| | No. of Options | Weighted average exercise price (₹) | No. of Options | Weighted average exercise price (₹) |
| At the beginning of the year | 10,85,924 | 175.64 | 12,12,288 | 174.96 |
| Granted | - | - | - | - |
| Exercised | 3,48,662 | 54.07 | 70,108 | 45.68 |
| Cancelled | 76,080 | 305.46 | 14,424 | 322.76 |
| Lapsed | - | - | 41,832 | 323.03 |
| At the end of the year | 6,61,182 | 224.81 | 10,85,924 | 175.64 |

b) The above outstanding options have been granted in various tranches and have a weighted average remaining life of 0.05 years (2016: 0.50 years; 2015: 1.39 years). The exercise price of the outstanding options range from ₹44.58 to ₹334.35 (2016: ₹44.58 to ₹334.35; 2016: ₹44.58 to ₹334.35). The weighted average share price during the year is ₹263 (2016: ₹208).

c) Number of options exercisable at the end of the year 6,61,182 (2016: 10,85,924; 2015: 11,40,168).

d) The fair values of the option with modified terms were determined using a Black Scholes' model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 3-4 years.

Following assumptions were used for calculation of fair value of grants:

| | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|
| Dividend yield (%) | 700 | 700 |
| Expected volatility (%) | 0.39-0.47 | 0.39-0.47 |
| Risk free interest rate (%) | 8 | 8 |
| Expected term (in years) | 4-6 | 4-6 |

**33.2 Employee Stock Option Scheme 2016 ('ESOP 2016 Scheme'):**

a) Pursuant to the ESOP 2016 Scheme, the Company granted options which vest over a period of four years commencing from the respective dates of grant. Following are the number of options outstanding during the year:

| | For the year ended 31 March 2017 | |
|---|---|---|
| | No. of Options | Weighted average exercise price (₹) |
| At the beginning of the year | - | - |
| Granted* | 21,74,500 | 319.65 |
| Exercised | - | - |
| Cancelled | - | - |
| Lapsed | - | - |
| At the end of the year | 21,74,500 | 319.65 |

*the weighted average fair value of options granted during the year is ₹118.53

b) The above outstanding options have been granted in various tranches and have a weighted average remaining life of 5.1 years. The weighted average share price during the year is ₹263.

c) Number of options exercisable at the end of the year Nil.

d) The fair values of the option were determined using a Black Scholes' model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 5-6 years.

Following assumptions were used for calculation of fair value of grants:

| | For the Year ended 31 March 2017 |
|---|---|
| Dividend yield (%) | 400 |
| Expected volatility (%) | 0.32 |
| Risk free interest rate (%) | 7.0 |
| Expected term (in years) | 5-6 |

**33.3 Share based payments**

The Company recorded employee share based payments of ₹169 lakhs (2016: ₹8 lakhs) under 'Employee benefits expense'.

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## 34 Employee benefits plan

a) Defined benefit plans

(₹ in Lakhs)

| | Gratuity plan | |
|---|---|---|
| | 2016-2017 | 2015-2016 |
| **Change in Defined Benefit Obligation (DBO) during the year** | | |
| Present value of DBO at the beginning of the year | 4,131 | 3,863 |
| Current service cost | 404 | 385 |
| Interest cost | 308 | 288 |
| Actuarial loss arising from changes in financial assumptions | 180 | - |
| Actuarial loss arising from changes in experience adjustments | 143 | 110 |
| Benefits paid | (553) | (515) |
| **Present value of DBO at the end of the year** | **4,613** | **4,131** |
| **Change in fair value of plant assets during the year** | | |
| Fair value of plan assets at the beginning of the year | 3,583 | 3,754 |
| Interest income | 316 | 293 |
| Employer contributions | 944 | 123 |
| Benefits paid | (553) | (515) |
| Remeasurements - return on plan assets (excluding interest income) | 20 | (73) |
| **Present value of DBO at the end of the year** | **4,309** | **3,583** |
| **Amounts recognised in the Balance Sheet** | | |
| Present value of DBO at the end of the year | 4,613 | 4,131 |
| Fair value of plan assets at the end of the year | 4,309 | 3,583 |
| **Funded status of the plans - liability** | **304** | **548** |
| **Liability recognised in the Balance Sheet** | **304** | **548** |
| **Components of employer expense** | | |
| Current service cost | 404 | 385 |
| Interest cost/ (income) on net defined benefit obligation | (7) | (5) |
| **Expense recognised in Statement of Profit and Loss** | **397** | **380** |
| **Remeasurement on the net defined benefit obligation** | | |
| Return on plan assets (excluding interest income) | (20) | 73 |
| Actuarial loss arising from changes in financial assumptions | 180 | - |
| Actuarial loss arising from changes in experience adjustments | 143 | 110 |
| **Remeasurements recognised in other comprehensive income** | **303** | **183** |
| **Total defined benefit cost recognised** | **700** | **563** |
| **Nature and extent of investment details of the plan assets#** | | |
| State and Central Securities | - | - |
| Bonds | - | 3.30% |
| Special deposits | - | - |
| Insurer managed funds | 100% | 96.70% |

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

(₹ in lakhs)

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Employee who has completed five years of service is entitled to specific benefit depending on the employee's length of service and salary at retirement or relieving age. The fund has the form of trust and it is governed by the Board of Trustees which consists of employer and employee representatives. The Board of Trustees is responsible for the administration of plan assets.

The Board of Trustees reviews the level of funding and asset-liability matching strategy in the gratuity plan to keep the scheme adequately funded for settlement of obligations under the plan.

Gratuity for employees is covered under a scheme of Life Insurance Corporation of India (LIC) which is basically a year-on-year cash accumulation plan. As part of the scheme the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance company, as part of the policy rules, makes payment of all gratuity settlements during the year subject to sufficiency of funds under the policy.

| | Gratuity plan | | |
|---|---|---|---|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| **Assumptions** | | | |
| Discount rate | 7.25% | 8% | 8% |
| Estimated rate of return on plan assets | 8% | 8% | 8% |
| Expected rate of salary increase | 5-7% | 5-7% | 5-7% |
| Attrition rate | 5% | 5% | 5% |

(₹ in lakhs)

| | Gratuity plan | | |
|---|---|---|---|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| **Sensitivity analysis – DBO at the end of the year** | | | |
| Discount rate + 100 basis points | 4,372 | 3,928 | 3,673 |
| Discount rate - 100 basis points | 4,885 | 4,365 | 4,082 |
| Salary increase rate +1% | 4,856 | 4,343 | 4,039 |
| Salary increase rate -1% | 4,393 | 3,945 | 3,708 |
| Attrition rate +1% | 4,629 | 4,159 | 3,888 |
| Attrition rate -1% | 4,596 | 4,108 | 3,841 |

(₹ in lakhs)

| | Gratuity plan | | |
|---|---|---|---|
| | 31 March 2017 | 31 March 2016 | 31 March 2015 |
| **Weighted average duration of DBO** | 11 years | 11 years | 11 years |
| **Expected cash flows** | | | |
| 1. Expected employer contribution in the next year | 850 | 880 | 889 |
| 2. Expected benefit payments | | | |
| Year 1 | 758 | 782 | 822 |
| Year 2 | 552 | 566 | 523 |
| Year 3 | 568 | 472 | 479 |
| Year 4 | 511 | 475 | 359 |
| Year 5 | 434 | 417 | 359 |
| Beyond 5 years | 1,316 | 1,248 | 1,135 |

### b) Defined contribution plans

In respect of the defined contribution plans, an amount of ₹1,740 lakhs (2016: ₹1,578 lakhs) has been recognised as an expense in the Statement of Profit and Loss during the year.

# Notes
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## 35 Earnings per share

| | | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|---|
| i) Profit after tax (₹ in lakhs) | [a] | 47,668 | 35,786 |
| **Basic** | | | |
| ii) Weighted average number of equity shares of ₹1/- each outstanding during the year | [b] | 29,15,25,662 | 29,12,78,954 |
| **Dilution** | | | |
| iii) Effect of potential equity shares on employees stock options outstanding | | 2,83,320 | 4,22,609 |
| iv) Weighted average number of equity shares of ₹1/- each outstanding during the year | [c] | 29,18,08,982 | 29,17,01,563 |
| | | | |
| **Earnings Per Share (face value of ₹1/- each)** | | | |
| v) Basic - [a]/[b] - (₹) | | 16.35 | 12.29 |
| vi) Diluted - [a]/[c] - (₹) | | 16.34 | 12.28 |

## 36 Contingent liabilities (to the extent not provided for)

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

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| In respect of matters under dispute: | | | |
| Excise duty | 628 | 1,819 | 7,491 |
| Customs duty | 397 | 372 | 372 |
| Sales tax | 1,543 | 1,401 | 1,291 |
| Income tax | 2,080 | 760 | 838 |
| Service tax | 214 | 220 | 161 |
| Others | 1,929 | 1,353 | 1,167 |

The amounts disclosed above represent our 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.

## 37 Commitments

### a) Capital commitments

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Capital expenditure commitments | 2,797 | 1,310 | 2,559 |
| Commitment towards investments | 332 | 732 | 1,132 |

### b) Other commitments

(i) Maximum obligation on long term lease of land - ₹1,343 lakhs (2016: ₹370 lakhs; 2015: ₹378 lakhs).

# Notes
(Contd.)

## 38 Leases

The Company has entered into certain operating lease agreements and an amount of ₹3,684 lakhs (2016: ₹2,804 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.

## 39 Corporate social responsibility

Expenses incurred on Corporate Social Responsibility (CSR) programs under Section 135 of the 2013 Act are charged to the Statement of Profit and Loss under 'Other expenses' (Note 32) ₹1,063 lakhs (2016: ₹1,033 lakhs) and under 'Employee benefits expense' (Note 23) ₹33 lakhs (2016: ₹42 lakhs).

## 40 Research and development expenses incurred on the following heads have been accounted under the natural heads: (₹ in lakhs)

| | For the Year ended 31 March 2017 | For the Year ended March 31, 2016 |
|---|---|---|
| Salaries, wages and bonus | 521 | 526 |
| Contribution to provident and other funds | 45 | 49 |
| Consumption of stores and spare parts | 11 | 60 |
| Power and fuel | 13 | 27 |
| Repairs to machinery | 44 | 68 |
| Miscellaneous expenses | 95 | 79 |
| | **730** | **809** |

## 41 Related party disclosures

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

(i) Details of subsidiaries, joint ventures and associates:

| Names | Nature of relationship | Country of incorporation | Percentage of holding as at | | |
|---|---|---|---|---|---|
| | | | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| Liberty Pesticides and Fertilisers Limited (LPFL) | Subsidiary | India | 100 | 100 | 100 |
| Sabero Organics America S.A. (SOAL) | Subsidiary | Brazil | 99.98 | 99.94 | 99.94 |
| Sabero Australia Pty Limited, Australia (Sabero Australia) | Subsidiary | Australia | 100 | 100 | 100 |
| Sabero Europe B.V. (Sabero Europe) | Subsidiary | Netherlands | 100 | 100 | 100 |
| Sabero Argentina S.A. (Sabero Argentina) | Subsidiary | Argentina | 95 | 95 | 95 |
| Coromandel Agronegocios de Mexico, S.A de C.V. (Coromandel Mexico) | Subsidiary | Mexico | 100 | 100 | 100 |
| Parry Chemicals Limited (PCL) | Subsidiary | India | 100 | 100 | 100 |
| Dare Investments Limited (DIL) | Subsidiary | India | 100 | 100 | 100 |
| CFL Mauritius Limited (CML) | Subsidiary | India | 100 | 100 | 100 |
| Coromandel Brasil Limitada (CBL) | Subsidiary | Brazil | 100 | 100 | 100 |
| Sabero Organics Philippines Asia Inc | Associate | Philippines | 40 | 39.75 | 39.75 |
| Coromandel Getax Phosphates Pte Limited (CGPL) | Joint venture (Upto 8 September 2016) | Singapore | 50 | 50 | 50 |
| Coromandel SQM (India) Pvt Limited (CSQM) | Joint venture | India | 50 | 50 | 50 |
| Yanmar Coromandel Agrisolutions Private Limited (YCAS) | Joint venture | India | 40 | 40 | 40 |

# Notes
(Contd.)

(ii) Details of other related parties:

| Names | Nature of relationship |
|---|---|
| E.I.D.-Parry (India) Limited | Parent company |
| Parry Infrastructure Company Private Limited (PICPL) | Fellow subsidiary |
| Parry Sugar Industries Limited (PSIL) | Fellow subsidiary |
| Parry Enterprises (India) Limited (PEIL) | Associate of parent company |
| Coromandel Provident Fund | Employee benefit plan |
| Coromandel Provident Fund No. 1 | Employee benefit plan |
| CFL Gratuity Fund | Employee benefit plan |
| Coromandel Gratuity Fund - I | Employee benefit plan |
| Coromandel Gratuity Fund - II | Employee benefit plan |
| Coromandel Management Staff Pension Fund | Employee benefit plan |
| Coromandel Superannuation Fund | Employee benefit plan |
| Coromandel Benevolent Fund | Employee benefit plan |
| Mr. Sameer Goel | Key management personnel (joined w.e.f 1 October 2015 as Managing Director) |
| Mr. Govindarajan S | Key management personnel (w.e.f 1 August 2015 to 30 September 2015 - Manager under the Companies Act, 2013) |
| Mr. V Ramesh | Key management personnel of Parent company |

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

(₹ in lakhs)

| | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|
| i) Sale of finished goods/raw materials/services | | |
| a) Parent company | - | - |
| b) Joint venture - CSQM | 325 | 129 |
| ii) Rent received | | |
| a) Fellow subsidiary - PICPL | 95 | 147 |
| b) Joint venture - CSQM | 16 | 13 |
| c) Associate - PEIL | 6 | 6 |
| iii) Expenses reimbursed by | | |
| a) Parent company | 1 | 1 |
| b) Joint venture - CSQM | 3 | 4 |
| c) Subsidiary - PCL | 38 | 14 |
| d) Joint venture - YCAS | * | - |
| e) Associate - PEIL | 2 | 1 |
| iv) Purchase of finished goods and services | | |
| a) Parent company | 1,527 | 1,125 |
| b) Joint venture - CSQM | 2,911 | 2,175 |
| c) Associate - PEIL | 644 | 725 |

# Notes
(Contd.)

(₹ in lakhs)

| | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|
| v) Commission on sales | | |
| a) Subsidiary - PCL | 44 | 31 |
| b) Subsidiary - CBL | 139 | 157 |
| c) Subsidiary - Coromandel Mexico | 150 | 111 |
| d) Subsidiary - SOAL | 263 | 169 |
| e) Subsidiary - Sabero Argentina | 9 | 18 |
| f) Subsidiary - Sabero Australia | 2 | - |
| g) Associate - Sabero Philippines | 12 | - |
| vi) Expenses reimbursed to | | |
| a) Parent company | 311 | 248 |
| b) Subsidiary - PCL | - | 2 |
| c) Subsidiary - Sabero Australia | 8 | - |
| d) Subsidiary - LPFL | 3 | - |
| e) Joint venture - YCAS | - | 1 |
| vii) Interest received on Inter corporate deposit/Loan | | |
| a) Subsidiary - DIL | 1 | 1 |
| viii) Loan received | | |
| a) Subsidiary - LPFL | 218 | - |
| ix) Investment made in equity shares of | | |
| a) Joint venture - YCAS | 400 | 400 |
| x) Purchase of assets and spares | | |
| a) Joint venture - YCAS | 124 | 154 |
| xi) Dividend paid (including interim dividend payable) | | |
| a) Parent company | 7,086 | 4,429 |
| xii) Rent paid | | |
| a) Parent company | 6 | 20 |
| b) Subsidiary - PCL | 2 | 2 |
| c) Joint venture - YCAS | 2 | - |
| xiii) Interest paid on loans | | |
| a) Subsidiary - LPFL | 12 | - |
| xiv) Deposit paid and received back | | |
| a) Subsidiary - PCL | - | 3 |
| b) Parent Company | 2 | - |
| c) Joint venture - CSQM | 1 | - |
| xv) Refund of security deposit | | |
| a) Subsidiary - PICPL | - | 1,500 |

*less than a lakh

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

# Notes
(Contd.)

**(C) Transactions with key management personnel**

a) Dividends paid to directors during the year ended 31 March 2017 ₹16 lakhs (2016: ₹7 lakhs).

b) Compensation of key management personnel of the Company:
The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

(₹ in lakhs)

| | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|
| Short-term employee benefits | 371 | 196 |
| Others* | 264 | 269 |
| **Total compensation** | **635** | **465** |

*excludes service tax

c) During the year, the Company has granted 6,56,900 employee stock options under the ESOP 2016 scheme to Mr. Sameer Goel.

**(D)** Refer Note 34 for transactions with Employee benefit funds.

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

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| a) Trade receivables/Loans and advances | | | |
| - Parent company | 297 | 227 | - |
| - Subsidiary - PCL | - | 4 | - |
| - Joint venture - YCAS | - | - | 29 |
| - Subsidiary - DIL | 13 | 12 | 11 |
| - Fellow subsidiary - PSIL | 91 | * | 6 |
| - Subsidiary - Sabero Australia | - | 24 | 24 |
| - Associate - Sabero Philippines | 5 | 6 | 6 |
| - Subsidiary - SOAL | 135 | 132 | 135 |
| - Subsidiary - Coromandel Mexico | * | 26 | 26 |
| - Subsidiary - Sabero Europe | - | 1 | 1 |
| - Fellow subsidiary - PICPL | 98 | 35 | 464 |
| - Associate - PEIL | - | - | 11 |
| b) Trade payables/ Other liabilities | | | |
| - Parent company | - | - | 3,624 |
| - Joint venture - CSQM | 1,522 | 1,205 | 632 |
| - Fellow subsidiary - PICPL | 1,859 | 1,500 | 3,000 |
| - Subsidiary - PCL | * | - | 22 |
| - Subsidiary - CBL | * | 3 | 45 |
| - Subsidiary - Coromandel Mexico | - | * | 16 |
| - Subsidiary - LPFL | 226 | - | 15 |
| - Joint venture - YCAS | 1 | 2 | - |
| - Associate - PEIL | 56 | 13 | - |

*less than a lakh

# Notes
(Contd.)

## 42 Exceptional item

During the year ended 31 March 2016, in respect of the 'Hudhud' cyclone which impacted the Company's operations at Visakhapatnam in the earlier years, the Company has recognised the business interruption claim amounting to ₹2,500 lakhs received from the Insurance company.

## 43 Disclosure as per Regulation 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015:

**Loans and advances in the nature of loans to subsidiaries:** (₹ in lakhs)

| | Relationship | As at 31 March 2017 | Maximum balance outstanding during the year |
|---|---|---|---|
| Dare Investments Limited (DIL) (Refer note b) | Subsidiary | 10 | 10 |
| | | (10) | (10) |

**Notes:**

a. Figures in bracket relate to previous year

b. The loan is repayable on demand and carries interest. Section 186 of the 2013 Act is not applicable as DIL is wholly owned subsidiary of the Company

## 44 Payments to Auditors (₹ in lakhs)

| | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|
| Audit fees | 55 | 55 |
| Tax audit fees | 12 | 12 |
| Limited reviews | 24 | 24 |
| Certifications | 70 | 70 |
| Other services | 10 | - |
| Reimbursement of expenses | 3 | 3 |
| **Total** | **174** | **164** |

Note: Amounts given above excludes service tax

**45** During the year, the Company has made political donation of ₹100 lakhs to Triumph Electoral Trust (2016: Nil).

**46** Statement of Specified Bank Notes (SBN) held and transacted during the period 8 November 2016 to 30 December 2016.

(₹ in lakhs)

| | SBN | Other denomination notes | Total |
|---|---|---|---|
| Closing cash in hand as on 8 November 2016 | 269 | 29 | 298 |
| Add: Permitted receipts* | 330 | 6,506 | 6,836 |
| Less: Permitted payments | - | 12 | 12 |
| Less: Cash deposits during the period 9 November 2016 till 30 December 2016 | 599 | 6,276 | 6,876 |
| Closing cash in hand as on 30 December 2016 | - | 247 | 247 |

* Permitted receipts includes certain amounts collected as per the Memo No. 11/ Agri-11 / 2016-1 dated 15 November 2016 issued by the Agriculture & Cooperation (Agri-II) Department, Government of Andhra Pradesh.

# Notes
(Contd.)

**47** 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 reporting date are furnished below:

(₹ in lakhs)

| Sl. No. | Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|---|
| (i) | Principal amount due to suppliers under MSMED Act, as at the end of the year | 656 | 421 | 310 |
| (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.

## 48. Transition to Ind-AS

**The effect of the Company's transition to Ind AS is summarized as follows:**

(i) Transition election

(ii) Reconciliation of equity as previously reported under Indian GAAP to Ind-AS

(iii) Reconciliation of profit or loss as previously reported under Indian GAAP to Ind-AS

(iv) Reconciliation of other comprehensive income as previously reported under Indian GAAP to Ind-AS

(v) Adjustments to the statement of cash flows

### (i) Transition election

The Company has prepared the opening Balance Sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

| | Note |
|---|---|
| Share-based payment transactions | 1 |
| Investments in subsidiaries, joint controlled entities and associates in separate financial statements | 2 |
| Designation of equity investments at FVTOCI | 3 |
| Derecognition of financial assets and financial liabilities | 4 |
| Business combinations | 5 |

**Notes:**

1. In accordance with Ind-AS transitional provisions, Ind AS 102 Share-based Payment has not been applied to employee stock options that have vested before the transition date.
2. In accordance with Ind-AS transitional provisions, the Company opted to consider previous GAAP carrying value of investments as deemed cost on transition date for investments in subsidiaries, joint ventures and associates in separate financial statement.

# Notes
(Contd.)

3. The Company has designated investment in following equity investment at FVTOCI on the basis of facts and circumstances that existed at the transition date:
   - Tunisian Indian Fertilisers S.A.
   - Nandesari Environment Control Limited
   - Ranar Agrochem Limited (formerly Prathyusha Chemicals and Fertilisers Limited)
   - Indian Potash Limited
   - Foskor (Pty) Limited
   - Murugappa Management Services Limited
   - Bharuch Enviro Infrastructure Limited
   - Narmada Clean Tech
   - A.P. Gas Power Corporation Limited
4. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April 2015 (the transition date).
5. The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to business combinations that occurred before the date of transition.

**(ii) Reconciliation of equity as previously reported under Indian GAAP to Ind-AS:** **(₹ in lakhs)**

| | Note | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **Equity as reported under IGAAP** | | **2,38,067** | **2,16,453** |
| Effect of measuring derivatives at fair value | i | (247) | 152 |
| Proposed dividend and related distribution tax | ii | 14,025 | 8,763 |
| Recognition of borrowings using effective interest rate | iii | 11 | 49 |
| Effect of discounting of long term liabilities | iv | 324 | 575 |
| Effect of measuring investments at fair value through OCI | v | (1,538) | 4,638 |
| Effect of measuring investments at fair value through profit and loss | vi | 3 | (6) |
| Effect of alignment of revenue recognition practise | vii | (633) | (431) |
| Effect of change in depreciation recognised as change in estimate | viii | - | (810) |
| Effect of measuring guarantees issued at fair value | ix | (219) | (70) |
| Deferred tax on GAAP adjustments | xii | 483 | (910) |
| **Equity as reported under Ind-AS** | | **2,50,276** | **2,28,403** |

# Notes
(Contd.)

(iii) Reconciliation of profit or loss as previously reported under Indian GAAP to Ind-AS (₹ in lakhs)

| | Note | For the Year ended 31 March 2016 |
|---|---|---|
| **Profit as reported under IGAAP** | | **36,139** |
| a. Increase (decrease) in net income for: | | |
| Effect of measuring derivatives at fair value through profit and loss | i | (399) |
| Effect of measuring investments at fair value through profit and loss | vi | 9 |
| Effect of alignment of revenue recognition practise | vii | (202) |
| Recognition of borrowings using effective interest rate | iii | (38) |
| Effect of measuring ESOPs at fair value | x | (8) |
| Effect of measuring guarantees issued at fair value | ix | 109 |
| Effect of discounting of long term liabilities | iv | (251) |
| Deferred tax adjustments | xii | 244 |
| Actuarial (gain)/ loss on defined benefit obligation recognised in other comprehensive income | xi | 183 |
| **Profit as reported under Ind AS** | | **35,786** |

(iv) Reconciliation of other comprehensive income as previously reported under Indian GAAP to Ind-AS

| | | |
|---|---|---|
| **Comprehensive income as reported under IGAAP** | | **-** |
| Effect of measuring investments at FVTOCI | v | (6,176) |
| Deferred tax adjustment of GAAP adjustments | xii | 1,428 |
| Guarantees issued recognized at fair value | ix | (258) |
| Employee benefits - actuarial gains and losses | xi | (183) |
| **Comprehensive income as reported under Ind AS** | | **(5,189)** |

**Notes:**

i. Under Ind AS, derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately. Under Indian GAAP, foreign exchange forward contracts were restated and premium or discount associated with such instruments were recorded as exchange differences over the period of the contract. In respect of currency options/ swap contracts outstanding as at the Balance Sheet date were marked to market and net loss was charged to profit or loss.

ii. Under Indian GAAP, dividends on equity shares recommended by the Board of Directors after the end of the reporting period but before the financial statements were approved for issue were recognised in the financial statements as a liability. Under Ind AS, such dividends along with the dividend distribution tax thereon are recognised as a liability when declared/ approved by the members in a general meeting.

iii. Under Indian GAAP, transaction costs incurred in connection with borrowings are charged upfront to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

iv. Under Indian GAAP, long-term financial liabilities such as interest free deposit received on lease of land were recognised at the contractual amount and were not discounted. Under Ind AS, where the effect of time value of money is material, the amount of liability should be recognised at the present value of amount expected to settle the liability. These liabilities are subsequently measured at amortised cost using the effective interest method.

v. Under Indian GAAP, the Company accounted for long-term strategic investments in unquoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value with subsequent changes to be recognised in a separate component of equity. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised as a separate component of equity, in the FVTOCI reserve, net of related deferred taxes.

# Notes
(Contd.)

vi. Under Indian GAAP, the Company accounted for certain investments in quoted equity shares as investment measured at lower of cost and fair value. Under Ind AS, the Company has designated such investments as FVTPL.

vii. Under Ind-AS, cash discounts are considered part of the overall consideration receivable and is recognized on an estimated basis at the time of sales. Under Indian GAAP cash discounts are recognized at the time of collection from debtors.

viii. As per the transitional provisions prescribed in Schedule II to the Act, the Company had fully depreciated the carrying value of components, net of residual value, where the remaining life of the component was determined to be Nil as on the date of transition (1 April 2015) and has adjusted an amount of ₹531 lakhs (net of deferred tax of ₹279 lakhs) against the opening retained earnings.

ix. Under Ind AS, financial guarantee contracts are accounted as financial liabilities and measured at fair value at inception and subsequently measured at the higher of the amortised value or the obligation amount in case it is probable that the guarantee amount is payable. Accordingly, ₹219 lakhs as at 31 March 2016 (2015: ₹70 lakhs) has been recognised as a liability with a corresponding charge to profit or loss. The consequential tax effect has also been recognised. Under Indian GAAP, guarantee issued were not recognised in the Balance Sheet unless it is probable that the guarantee amount is payable.

x. Under Indian GAAP, the Company recognised expense for the share based payment plan as per the intrinsic value method. Ind AS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. Share options granted before and still vesting at 1 April 2015 have been recognised as a separate component of equity in share based payment reserve against retained earnings at 1 April 2015.

xi. The Company recognises costs related to its post-employment defined benefit plan on an actuarial basis both under Indian GAAP and Ind AS. Under Indian GAAP, the entire cost including actuarial gains and losses are charged to profit or loss. Under Ind AS, remeasurements are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI.

xii. Consequential deferred tax on all the above adjustments.

**(v) Effect of adoption of Ind AS on the Statement of cash flows for the year ended 31 March 2016:**

Following is the impact on cash flows on transition from Indian GAAP to Ind-AS. Cash flows relating to interest are classified in a consistent manner as operating, investing or financing each period.

(₹ in lakhs)

| | Previous GAAP | Effect of transition to Ind AS | Ind AS |
|---|---|---|---|
| Net cash flows from operating activities | 41,329 | (39,516) | 1,813 |
| Net cash flows from investing activities | (6,245) | - | (6,245) |
| Net cash flows from financing activities | **(38,665)** | **39,516** | **851** |
| **Net increase (decrease) in cash and cash equivalents** | (3,581) | - | (3,581) |
| Cash and cash equivalents at the beginning of the period | 19,511 | - | 19,511 |
| **Cash and cash equivalents at the end of the period** | **15,930** | **-** | **15,930** |

## 49. Approval of financial statements

The financial statements were approved for issue by the Board of Directors on 28 April 2017.

For and on behalf of the Board of Directors

Sameer Goel
Managing Director

A. Vellayan
Chairman

S. Sankarasubramanian
Chief Financial Officer

P. Varadarajan
Company Secretary

Place: Secunderabad
Date: 28 April 2017

# Consolidated Financial Statements

# Independent Auditor's Report

## TO THE MEMBERS OF COROMANDEL INTERNATIONAL LIMITED

### Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **COROMANDEL INTERNATIONAL LIMITED** (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") its associate and its joint ventures, comprising the Consolidated Balance Sheet as at 31 March, 2017, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

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

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group including its Associate and Joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and its joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements/ financial information of the subsidiaries, associate and joint ventures referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS 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, of the consolidated state of affairs of the Group, its associate and joint ventures as at 31 March, 2017, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

### Other Matters

(a) We did not audit the financial statements / financial information of nine subsidiaries, whose financial statements/ financial information reflect total assets of ₹21,919 lakhs as at 31 March, 2017, total revenues of ₹1,689 lakhs and net cash (outflows) amounting to ₹1,086 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹183 lakhs for the year ended 31 March, 2017, as considered in the consolidated Ind AS financial statements, in respect of an associate and one joint venture, whose financial statements/financial information have not been audited by us. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint venture and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint venture and associate is based solely on the reports of the other auditors.

Six of these subsidiaries and an associate are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries and an associate located outside India from accounting principles generally

accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries and an associate located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

(b) We did not audit the financial statements / financial information of one subsidiary, whose financial statements/ financial information reflect total assets of ₹0.22 lakhs as at 31 March, 2017, total revenues of ₹Nil and net cash (outflows) amounting to ₹0.07 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹Nil for the year ended 31 March, 2017, as considered in the consolidated Ind AS financial statements, in respect of one joint venture, whose financial statements / financial information have not been audited by us. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and joint venture, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Group.

(c) The comparative financial information for the year ended 31 March, 2016 in respect of (a) three subsidiaries and one joint venture included in this Statement prepared in accordance with the Ind AS have been audited by other auditors and have been relied upon by us; (b) six subsidiaries and an associate included in this Statement prepared in accordance accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries and an associate located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries and an associate located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us; (c) one subsidiary and one joint venture included in this Statement prepared in accordance Ind AS have not been audited by their auditors. According to the information and explanations given to us by the Management, these financial statements /financial information are not material to the Group.

Our opinion on the consolidated Ind AS financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of other auditors on separate financial statements of subsidiaries, associate and joint venture companies incorporated in India, referred in the Other Matters paragraph above we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

   (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors of the Parent as on 31 March, 2017 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies and joint venture companies incorporated in India, none of the directors of the Group companies and joint venture companies incorporated in India is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Parent company, Subsidiary companies and Joint venture company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent's, subsidiary company's and Joint Venture Company's incorporated in India internal financial controls over financial reporting.

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and joint ventures.

ii. The Group, its associate and joint ventures did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies and joint venture companies incorporated in India.

iv. The Parent has provided requisite disclosures in the consolidated Ind AS financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November, 2016 of the Ministry of Finance, during the period from 8 November, 2016 to 30 December, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated Ind AS financial statements and as produced to us and other auditors by the Management of the respective Group entities.

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



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

Secunderabad, 28 April, 2017

# Annexure "A" to the Independent Auditor's Report

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

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March, 2017, we have audited the internal financial controls over financial reporting of **COROMANDEL INTERNATIONAL LIMITED** ("Parent") and its subsidiary companies and joint ventures, which are companies incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Parent, its subsidiary companies and joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies and its joint ventures, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies and joint venture, which are companies incorporated in India, in terms of their reports referred to in the Other

Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies and its joint ventures, which are companies incorporated in India.

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies and joint ventures, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to three subsidiary companies and one joint venture, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

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



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

Secunderabad, 28 April, 2017

# Consolidated Balance Sheet

as at 31 March 2017

(₹ in lakhs, unless otherwise stated)

| | Note | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|---|
| **I ASSETS** | | | | |
| **1 Non-current assets** | | | | |
| (a) Property, plant and equipment | 4 | 1,31,588 | 1,31,011 | 1,32,048 |
| (b) Capital work-in-progress | 4 | 1,367 | 3,089 | 3,861 |
| (c) Goodwill | | 32 | 32 | 32 |
| (d) Other intangible assets | 5 | 1,134 | 911 | 1,313 |
| (e) Intangible assets under development | 5 | 825 | 1,077 | 789 |
| (f) Financial assets | | | | |
| i) Investments | | | | |
| a) Investments in joint ventures | 6 | 1,680 | 1,466 | 1,291 |
| b) Other investments | 6 | 37,155 | 46,225 | 43,660 |
| ii) Loans | | - | - | - |
| iii) Other financial assets | 7 | - | 1,584 | 2,834 |
| (g) Current tax assets (net) | | 25 | 62 | 46 |
| (h) Other non-current assets | 8 | 7,025 | 7,973 | 7,490 |
| | | **1,80,831** | **1,93,430** | **1,93,364** |
| **2 Current assets** | | | | |
| (a) Inventories | 9 | 1,72,461 | 2,34,576 | 2,25,219 |
| (b) Financial assets | | | | |
| i) Investments | 10 | 13 | 27 | 21 |
| ii) Trade receivables | 11 | 1,62,167 | 164,185 | 1,30,338 |
| iii) Government subsidies receivable | | 2,55,703 | 2,36,706 | 1,78,940 |
| iv) Cash and cash equivalents | 12 | 14,671 | 17,448 | 20,882 |
| v) Bank balances other than cash and cash equivalents | 13 | 2,112 | 2,330 | 10,105 |
| vi) Loans | 14 | 52,225 | 48,000 | 47,000 |
| vii) Other financial assets | 7 | 3,788 | 4,240 | 6,086 |
| (c) Other current assets | 15 | 20,529 | 17,225 | 23,019 |
| | | **6,83,669** | **7,24,737** | **6,41,610** |
| **Total assets** | | **8,64,500** | **9,18,167** | **8,34,974** |
| **II EQUITY AND LIABILITIES** | | | | |
| **1 Equity** | | | | |
| (a) Equity share capital | 16 | 2,917 | 2,913 | 2,913 |
| (b) Other equity | 17 | 2,86,160 | 2,60,483 | 2,30,988 |
| **Equity attributable to owners of the Company** | | **2,89,077** | **2,63,396** | **2,33,901** |
| **2 Non-current liabilities** | | | | |
| (a) Financial liabilities | | | | |
| i) Borrowings | 18 | - | 4,406 | 8,857 |
| ii) Other financial liabilities | 19 | 123 | 160 | 370 |
| (b) Provisions | 20 | 1,417 | 1,779 | 1,678 |
| (c) Deferred tax liabilities (net) | 21 | 14,947 | 16,792 | 18,987 |
| (d) Other non-current liabilities | 22 | 1,023 | 1,071 | 2,239 |
| | | **17,510** | **24,208** | **32,131** |
| **3 Current liabilities** | | | | |
| (a) Financial liabilities | | | | |
| i) Borrowings | 18 | 2,22,838 | 2,58,263 | 2,03,340 |
| ii) Trade payables | 23 | 2,93,454 | 3,23,293 | 2,96,315 |
| iii) Other financial liabilities | 19 | 31,223 | 35,394 | 58,069 |
| (b) Provisions | 20 | 1,474 | 788 | 669 |
| (c) Current tax liabilities (net) | 21.4 | 1,640 | 3,867 | 1,167 |
| (d) Other current liabilities | 22 | 7,284 | 8,958 | 9,382 |
| | | **5,57,913** | **6,30,563** | **5,68,942** |
| **Total liabilities** | | **5,75,423** | **6,54,771** | **6,01,073** |
| **Total equity and liabilities** | | **8,64,500** | **9,18,167** | **8,34,974** |

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: Secunderabad
Date: 28 April 2017

For and on behalf of the Board of Directors

**Sameer Goel**
Managing Director

**S. Sankarasubramanian**
Chief Financial Officer

**A. Vellayan**
Chairman

**P. Varadarajan**
Company Secretary

# Consolidated Statement of Profit and Loss

for the year ended 31 March 2017

(₹ in lakhs, unless otherwise stated)

| | | Note | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|---|---|
| I | **Income** | | | |
| | Revenue from operations | 24 | 10,19,509 | 11,63,382 |
| | Other income | 25 | 5,482 | 6,649 |
| | **Total Income** | | **10,24,991** | **11,70,031** |
| II | **Expenses** | | | |
| | Cost of materials consumed | | 5,58,523 | 6,76,741 |
| | Purchases of stock-in-trade | | 1,23,013 | 2,06,901 |
| | Changes in inventories of finished goods, work-in-process and stock-in-trade | 26 | 30,560 | (11,336) |
| | Excise duty | | 16,434 | 15,240 |
| | Employee benefits expense | 27 | 31,084 | 29,187 |
| | Finance costs | 28 | 22,378 | 22,094 |
| | Depreciation and amortisation expense | 29 | 10,071 | 10,612 |
| | Other expenses | 30 | 1,61,627 | 1,69,968 |
| | **Total expenses** | | **9,53,690** | **11,19,407** |
| III | **Exceptional item (net)** | | **-** | **2,500** |
| IV | **Share of loss of joint ventures and associate** | 43 | **(71)** | **(218)** |
| V | **Profit before tax (I-II+III+IV)** | | **71,230** | **52,906** |
| VI | **Tax expense:** | | | |
| | (1) Current tax | | 24,317 | 18,776 |
| | (2) Deferred tax | | (783) | (1,614) |
| | | | **23,534** | **17,162** |
| VII | **Profit for the year (V - VI)** | | **47,696** | **35,744** |
| VIII | **Other comprehensive income** | | | |
| A | (i) Items that will not be reclassified to profit or loss | | | |
| | (a)Remeasurement of defined benefit plan | | (303) | (183) |
| | (b)Net fair value (loss)/gain on investments in equity shares at FVTOCI | | (8,683) | 1,324 |
| | | | (8,986) | 1,141 |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | | (1,063) | (580) |
| B | (i) Items that will be reclassified to profit or loss | | | |
| | (a)Exchange differences on translating foreign operations | | (419) | 754 |
| | | | (419) | 754 |
| | (ii) Income tax relating to items that will be reclassified to profit or loss | | - | - |
| | **Total other comprehensive income** | | **(8,342)** | **2,475** |
| IX | **Total Comprehensive Income for the year (VII+VIII)** | | **39,354** | **38,219** |
| X | **Earnings per equity share of ₹1 each:** | 35 | | |
| | Basic ₹ | | 16.36 | 12.27 |
| | Diluted ₹ | | 16.34 | 12.25 |

**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: Secunderabad
Date: 28 April 2017

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

**Sameer Goel**
Managing Director

**A. Vellayan**
Chairman

**S. Sankarasubramanian**
Chief Financial Officer

**P. Varadarajan**
Company Secretary

# Consolidated Cash Flow Statement

for the year ended 31 March 2017

(₹ in lakhs, unless otherwise stated)

| | | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| **Profit before tax** | | **71,230** | **52,906** |
| Adjustments for: | | | |
| Depreciation and amortisation expense | | 10,071 | 10,612 |
| (Profit)/loss on sale/ scrap of property, plant and equipments (net) | | (14) | 267 |
| Profit on sale of investment | | (242) | (1) |
| Exchange differences (net) | | (2,579) | 9,349 |
| Share of loss of joint ventures accounted using equity method | | 71 | 218 |
| Gain on measuring investments at FVTPL (net) | | (25) | (9) |
| Provision for doubtful trade receivables and other liabilities no longer required, written back | | (164) | (252) |
| Provision for doubtful trade and other receivables, loans and advances (net) | | 2,248 | 3,608 |
| Trade and other receivables written off | | 977 | 118 |
| Provision for employee benefits | | 21 | 36 |
| Share-based payments | | 169 | 8 |
| Finance costs | | 22,378 | 22,094 |
| Interest income | | (4,752) | (4,749) |
| Others | | (37) | 90 |
| Dividend income | | (25) | (16) |
| **Operating profit before working capital changes** | | **99,327** | **94,279** |
| *Changes in working capital:* | | | |
| Trade payables | | (21,887) | 33,605 |
| Other liabilities | | (576) | (7,918) |
| Trade receivables | | (1,207) | (38,067) |
| Government subsidies receivable | | (18,997) | (57,766) |
| Inventories | | 62,115 | (9,357) |
| Other assets | | (752) | 4,409 |
| Balances in margin money/ deposit accounts | | 8 | 6 |
| **Cash generated from operations** | | **1,18,031** | **19,191** |
| Direct taxes paid (net of refunds) | | (26,507) | (17,353) |
| **Net cash flow from operating activities** | **(A)** | **91,524** | **1,838** |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipments, including capital work-in-progress and capital advances | | (8,980) | (10,758) |
| Purchase of leasehold land | | (135) | (26) |
| Proceeds from sale of property, plant and equipments | | 1,033 | 32 |
| Investment in joint venture | | (400) | (400) |
| Amount transferred from Escrow accounts | | 122 | 1,899 |
| Proceeds from sale of investments | | 387 | 1 |
| Inter-corporate deposits/ loans given | | (52,225) | (48,000) |
| Inter-corporate deposits matured/ loans received | | 48,000 | 47,000 |
| Purchase of investments | | (12,000) | (32,000) |
| Proceeds from sale of investments | | 12,000 | 32,000 |
| Interest received | | 4,313 | 4,095 |
| Dividend received from current and non-current investments | | 25 | 16 |
| **Net cash used in investing activities** | **(B)** | **(7,860)** | **(6,141)** |

# Consolidated Cash Flow Statement

for the year ended 31 March 2017

(₹ in lakhs, unless otherwise stated)

| | | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|---|
| **Cash flow from financing activities** | | | |
| Proceeds from issue of equity shares on exercise of employee stock options | | 189 | 31 |
| Repayment of long-term borrowings | | (9,407) | (18,160) |
| Increase/ (decrease) in short-term borrowings | | (40,442) | 49,136 |
| Dividend paid including tax thereon | | (14,030) | (8,763) |
| Interest and other borrowing costs paid | | (22,750) | (21,396) |
| **Net cash from/ (used in) financing activities** | **(C)** | **(86,440)** | **848** |
| | | | |
| **Net increase/ (decrease) in cash and cash equivalents** | **(A + B + C)** | (2,776) | (3,455) |
| Cash and cash equivalents at the beginning of the year | | 17,448 | 20,882 |
| Exchange (loss)/ gain on cash and cash equivalents | | (1) | 21 |
| Cash and cash equivalents at the end of the year | | **14,671** | **17,448** |

**Note:**

Cash Flow Statement has been prepared under the Indirect method as set out in the Indian Accounting Standard 7 on Cash Flow Statements. Cash and cash equivalents in the Cash Flow Statement comprise cash at bank and in hand, demand deposits and cash equivalents which are short-term and held for the purpose of meeting short-term cash commitments.

**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: Secunderabad
Date: 28 April 2017

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

Sameer Goel
**Sameer Goel**
Managing Director

**A. Vellayan**
Chairman

**S. Sankarasubramanian**
Chief Financial Officer

**P. Varadarajan**
Company Secretary

# Statement of Changes in Equity

for the year ended 31 March 2017

**a. Equity share capital**

(₹ in lakhs, unless otherwise stated)

| | Number of shares | Amount |
|---|---|---|
| **Balance as at 1 April 2015** | **29,12,50,357** | **2,913** |
| Add: Equity shares allotted pursuant to exercise of stock options | 70,108 | * |
| **Balance as at 31 March 2016** | **29,13,20,465** | **2,913** |
| Add: Equity shares allotted pursuant to exercise of stock options | 3,48,662 | 4 |
| **Balance as at 31 March 2017** | **29,16,69,127** | **2,917** |

*less than a lakh

**b. Other equity**

(₹ in lakhs, unless otherwise stated)

| | Reserves and Surplus (refer Note 17) | | | | | | | Items of other comprehensive income (refer Note 17) | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Capital reserve | Capital redemption reserve | Securities premium reserve | Central subsidy | General reserve | Share options outstanding account | Retained earnings | Foreign currency translation reserve | Equity instruments through other comprehensive income | Remeasurement of the net defined benefit plans | |
| **Balance at 1 April 2015** | **352** | **986** | **10,555** | **11** | **1,40,340** | **59** | **69,419** | **4,788** | **4,478** | **-** | **2,30,988** |
| Profit for the year | - | - | | - | - | - | 35,744 | - | - | - | 35,744 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | - | 754 | 1,841 | (120) | 2,475 |
| **Total comprehensive income for the year** | **352** | **986** | **10,555** | **11** | **1,40,340** | **59** | **1,05,163** | **5,542** | **6,319** | **(120)** | **2,69,207** |
| Recognition of share-based payments | - | - | - | - | - | 8 | - | - | - | - | 8 |
| Amount received on exercise of employee stock options | - | - | 31 | - | - | - | - | - | - | - | 31 |
| Payment of dividends | - | - | - | - | - | - | (8,763) | - | - | - | (8,763) |
| Amounts transferred within the reserves | - | - | - | - | 30,000 | - | (30,000) | - | - | - | - |
| **Balance at 31 March 2016** | **352** | **986** | **10,586** | **11** | **1,70,340** | **67** | **66,400** | **5,542** | **6,319** | **(120)** | **2,60,483** |
| Profit for the year | - | - | - | - | - | - | 47,696 | - | - | - | 47,696 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | - | (419) | (7,726) | (198) | (8,343) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **-** | **-** | **47,696** | **(419)** | **(7,726)** | **(198)** | **39,353** |
| Recognition of share-based payments | - | - | - | - | - | 169 | - | - | - | - | 169 |
| Payment of dividends | - | - | - | - | - | - | (14,030) | - | - | - | (14,030) |
| Amount received on exercise of employee stock options | - | - | 185 | - | - | - | - | - | - | - | 185 |
| Transfer to retained earnings | - | - | - | - | - | - | - | - | - | - | - |
| Amounts transferred within the reserves | - | - | - | - | 30,000 | - | (30,000) | - | - | - | - |
| **Balance at 31 March 2017** | **352** | **986** | **10,771** | **11** | **2,00,340** | **236** | **70,066** | **5,123** | **(1,407)** | **(318)** | **2,86,160** |

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: Secunderabad
Date: 28 April 2017

For and on behalf of the Board of Directors

Sameer Goel
Managing Director

S. Sankarasubramanian
Chief Financial Officer

A. Vellayan
Chairman

P. Varadarajan
Company Secretary

# Notes

forming part of the consolidated financial statements

## 1 General information

Coromandel International Limited ("the Company") is a limited company incorporated in India, equity shares of which are listed on the Bombay Stock Exchange and the National Stock Exchange in India. Its parent company is E.I.D.-Parry (India) Limited.

The address of its registered office and principal place of business are disclosed in the annual report. The Company is engaged in the business of farm inputs comprising of fertiliser, crop protection, specialty nutrients and organic compost.

Our Executive Leadership Team comprises the following officers at the date of release of these financial statements:

- Sameer Goel - Managing Director
- G Veerabhadram - President - Crop Protection
- Amir Alvi - Executive Vice President & Head Manufacturing (Fertilisers)
- Arun Leslie George - Executive Vice President & Head - Business (SSP)
- B Prasannatha Rao - Executive Vice President & Head - HR
- Kalidas Pramanik - Executive Vice President - Marketing (Fertilisers & Organic)
- P Gopala Krishna - Executive Vice President - New Ventures
- P Varadarajan - Vice President - Legal and Company Secretary
- Ripu Daman Singh - Executive Vice President & Head - Retail
- S Govindarajan - Executive Vice President & Head - Commercial.
- S Sankarasubramanian- Executive Vice President & Chief Financial Officer
- Srikanthan S - COO - Crop Protection

The executive leadership team reviews the results of our operations and our financial position on consolidated, operating segment and business unit levels. Our operating segments are defined by the organisation and reporting structure through which we operate our business. We categorise our operating segments into Nutrient and other allied business and Crop Protection.

## 2 Application of new and revised Ind AS

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment'. The amendments are applicable to the Group from 1 April 2017.

Amendment to Ind AS 7

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Group is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

Amendment to Ind AS 102

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the awards that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Group has not issued any awards that are cash-settled or which have net settlement feature.

## 3 Significant accounting policies

### 3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 ("the Act"), Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other relevant provisions of the Act, as applicable.

Upto the year ended 31 March 2016, the Group prepared its consolidated financial statements in accordance with the requirements of previous generally accepted accounting principles ("Previous GAAP"), which includes Accounting Standards ("AS") notified under the Companies (Accounting Standards) Rules, 2006 and prescribed under Section 133 of the Companies Act, 2013, as applicable and the relevant provisions of the Companies Act, 2013/ Companies Act, 1956, as applicable.

These are the Group's first Ind AS consolidated financial statements. The date of transition to Ind AS is 1 April 2015. Refer Note 49 for the details of reconciliations from Previous GAAP and the first-time adoption exemptions availed by the Group.

# Consolidated Notes
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### 3.2 Basis of preparation and presentation

The consolidated financial statements include accounts of Coromandel International Limited ("the Company") and its subsidiaries Liberty Pesticides and Fertilisers Limited, Sabero Organics America S.A., Sabero Australia Pty Limited, Sabero Europe B.V., Sabero Argentina S.A., Coromandel Agronegocios de Mexico S.A de C.V (formerly Sabero Organics Mexico S.A de C.V), Parry Chemicals Limited, Dare Investments Limited, CFL Mauritius Limited, Coromandel Brasil Limitada, (a Limited Liability Partnership), its joint ventures Yanmar Coromandel Agrisolutions Private Limited, Coromandel Getax Phosphates Pte Limited (upto 8 September 2016) and Coromandel SQM (India) Private Limited; all together referred to as 'the Group'.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, and on accrual basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Based on the nature of activities of the Company and the average time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

The principal accounting policies are set out below.

### 3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

#### 3.3.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Ind AS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

### 3.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### 3.5 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Group determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate or a joint venture and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Group's investment in an associate or a joint venture.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the

# Consolidated Notes
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associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale.

### 3.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

a) Sale of goods is recognised net of returns and trade discounts, when the risk and rewards of ownership are transferred to the customers. Sales include amounts recovered towards excise duty and exclude sales tax/value added tax. Revenue is also recognised on sale of goods in case where the delivery is kept pending at the instance of the customer, the risk and rewards are transferred and customer takes title and accepts billing as per usual payment terms.

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

d) Export benefits and other excise benefits are accounted for on accrual basis.

### 3.7 Other income

a) Dividend income from investments is recognised in the year in which the right to receive the payment is established.

b) Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### 3.8 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

### 3.9 Insurance claims

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

### 3.10 Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which these entities operate (i.e. the "functional currency"). The financial statements are presented in Indian Rupee (₹), the national currency of India, which is the functional currency of the Group.

### 3.11 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

### 3.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 3.13 Employee benefits

3.13.1 Defined contribution plans

Contributions paid/payable to defined contribution plans comprising of Superannuation (under a scheme of Life

Insurance Corporation of India) and Provident Funds for certain employees covered under the respective Schemes are recognised in the profit or loss each year when employees have rendered service entitling them to the contributions.

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.

3.13.2 Defined benefit plans

The Company's Gratuity scheme for its employees is a defined benefit retirement benefit plan. Obligation under the gratuity scheme is covered under a Scheme of Life Insurance Corporation of India (LIC) and contributions in respect of such scheme are recognized in the profit or loss. The liability as at the Balance Sheet date is provided for using the projected unit credit method, with actuarial valuations being carried out as at the end of the year.

Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

3.13.3 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.

3.13.4 Other long-term employee benefits

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

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

### 3.14 Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

### 3.15 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

### 3.16 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

- Current tax

  Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961.

- Deferred tax

  Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

- Current and deferred tax for the year

  Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### 3.17 Property, plant and equipment

Property, plant and equipment are stated in the Balance Sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes purchase price, attributable expenditure incurred in bringing the asset to its working condition for the intended use and cost of borrowing till the date of capitalisation in the case of assets involving material investment and substantial lead time.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is provided on the straight-line method as per the useful life prescribed in Schedule II to the 2013 Act except in respect of following categories of assets in whose case the life of certain assets has been assessed based on technical advice taking into account the nature of the asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement, maintenance support etc.

| Asset | Useful lives (in years) |
|---|---|
| Plant and equipment | 5 - 25 |
| Vehicles | 5 - 7 |
| Office equipment, furniture and fixtures | 3 - 5 |

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Assets costing ₹5,000 and below are depreciated over a period of one year. Land is not depreciated.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### 3.18 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.

Intangible assets are amortised on the straight-line method. Technical know-how is amortised over their estimated useful lives ranging from 5-10 years and product registration is amortised over the period of the registration subject to a maximum of 10 years.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognized.

### 3.19 Impairment of tangible and intangible assets

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 profit or loss.

### 3.20 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 realizable value. Net realizable value represents the estimated selling price (including subsidy income, where applicable) of inventories less all estimated costs of completion and costs necessary to make the sale.

The method of determination of cost of various categories of inventories is as follows:

1. Stores and spares and packing materials - Weighted average cost.
2. Raw material - First-in-First-out basis. Cost includes purchase cost and other attributable expenses.
3. 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.
4. Stock-in-trade - Weighted average cost

### 3.21 Exceptional item

Significant gains/losses or expenses incurred arising from external events that is not expected to recur are disclosed as 'Exceptional item'.

### 3.22 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. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liabilities are 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 financial statements.

### 3.23 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### 3.24 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

3.24.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

3.24.2 Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

3.24.3 Investments in subsidiaries, joint ventures and associates

On initial recognition, these investments are recognized at fair value plus any directly attributable transaction cost. Subsequently, they are measured at cost.

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3.24.4 Investments in equity instruments at FVTOCI

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the 'Other income' line item.

3.24.5 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

3.24.6 Impairment of financial assets

The Group applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Group estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Group measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over

the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

3.24.7 Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.24.8 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

### 3.25 Financial liabilities and equity instruments

3.25.1 Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.25.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss

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is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3.25.3 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping Groupis provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at fair value through profit or loss are recognised in profit or loss.

Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109;

- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

### 3.26 Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, option contracts and interest rate swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in other comprehensive income net of applicable deferred income taxes. The gain or loss relating to the ineffective portion is recognized immediately in the statement of income. The cumulative gain or loss previously recognized in other comprehensive income remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognized in other comprehensive income is transferred to the carrying amount of the asset when it is recognized. In other cases the amount recognized in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in the other comprehensive income is transferred to statement of income.

### 3.27 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.27.1 Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Revenue recognition

In making their judgment, the management considered the detailed criteria for the recognition of revenue from the sale of goods set out in Ind AS 18 and, in particular, whether the Group had transferred to the buyer the significant risks and rewards of ownership of the goods.

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3.27.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

| Items requiring significant estimate | Assumption and estimation uncertainty |
|---|---|
| Useful lives of property, plant and equipment | The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, there has been no change in life considered for the assets. |
| Fair value measurements and valuation processes | Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The valuation committee which is headed by the Chief Financial Officer of the Company determines the appropriate valuation techniques and inputs for fair value measurements.<br>In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. Finance team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation committee's findings to the board of directors of the Company annually to explain the cause of fluctuations in the fair value of the assets and liabilities. |
| Revenue recognition | The Group provides customer incentives, such as rebates, based on quantity purchased, timing of collections etc. Various estimates are made to recognise the impact of rebates and other incentives on revenue. These estimates are made based on historical and forecasted data, contractual terms and current conditions. |
| Subsidy income | Subsidy income 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. |
| Provision for doubtful receivables | The Group makes provision for doubtful receivables based on a provision matrix which takes into account historical credit loss experience and adjusted for current estimates. |
| Estimation of net realisable value of inventories | Inventories are stated at the lower of cost and net realisable value. In estimating the net realisable value of inventories the Group makes an estimate of future selling prices and costs necessary to make the sale. |
| Provision for employee benefits | The Group uses actuarial assumptions to determine the obligations for employee benefits at each reporting period. These assumptions include the discount rate, expected long-term rate of return on plan assets, rate of increase in compensation levels and mortality rates. |
| Provision for taxes | Significant judgments are required in determining the provision for income taxes, including the amount expected to be paid/ recovered for uncertain tax positions. |

## 4. Property, plant and equipment and capital work-in-progress

(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **Carrying amounts of:** | | | |
| Land | 26,961 | 26,961 | 26,709 |
| Buildings | 19,098 | 19,641 | 19,601 |
| Road | 505 | 660 | 731 |
| Railway sidings | 2,019 | 2,117 | 2,189 |
| Plant and equipment | 80,791 | 79,247 | 80,397 |
| Office equipment | 858 | 913 | 990 |
| Furniture and fixtures | 705 | 796 | 678 |
| Vehicles | 651 | 676 | 753 |
| | **1,31,588** | **1,31,011** | **1,32,048** |
| Capital work-in-progress | 1,367 | 3,089 | 3,861 |

**Details of Property, plant and equipment**

| | Land | Buildings | Road | Railway sidings | Plant and equipment | Office equipment | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Cost or deemed cost** | | | | | | | | | |
| **Balance as at 1 April 2015** | **26,709** | **24,999** | **1,734** | **2,870** | **1,56,943** | **4,515** | **3,445** | **2,188** | **2,23,403** |
| Additions | 252 | 690 | 120 | 110 | 7,563 | 379 | 314 | 186 | 9,614 |
| Disposals/ adjustments | - | 9 | - | 8 | 1,322 | 72 | 335 | 82 | 1,828 |
| Effect of translation | - | - | - | - | - | 1 | - | (1) | - |
| **Balance at 31 March 2016** | **26,961** | **25,680** | **1,854** | **2,972** | **1,63,184** | **4,823** | **3,424** | **2,291** | **2,31,189** |
| Additions | - | 331 | 36 | 87 | 9,683 | 437 | 96 | 247 | 10,917 |
| Disposals/ adjustments | - | 183 | - | - | 3,795 | 246 | 54 | 282 | 4,560 |
| Effect of translation | - | - | - | - | - | - | - | 2 | 2 |
| **Balance at 31 March 2017** | **26,961** | **25,828** | **1,890** | **3,059** | **1,69,072** | **5,014** | **3,466** | **2,258** | **2,37,548** |

**Notes:**

1. Above includes opening gross block of ₹1,407 lakhs (2016: ₹1,295 lakhs and 2015: ₹909 lakhs) and additions amounting to ₹213 lakhs (2016: ₹112 lakhs) in respect of in-house Research and Development.
2. Refer Note 18.1 for details of assets pledged

| | Land | Buildings | Road | Railway sidings | Plant and equipment | Office equipment | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Accumulated depreciation and impairment** | | | | | | | | | |
| **Balance as at 1 April 2015** | **-** | **5,398** | **1,003** | **681** | **76,546** | **3,525** | **2,767** | **1,435** | **91,355** |
| Disposals/ adjustments | - | 1 | - | 8 | 1,136 | 66 | 331 | 54 | 1,596 |
| Depreciation expense | - | 642 | 191 | 182 | 8,527 | 451 | 192 | 234 | 10,419 |
| Effect of translation | - | - | - | - | - | - | - | - | - |
| **Balance at 31 March 2016** | **-** | **6,039** | **1,194** | **855** | **83,937** | **3,910** | **2,628** | **1,615** | **1,00,178** |
| Disposals/ adjustments | - | 26 | - | - | 3,495 | 188 | 43 | 222 | 3,974 |
| Depreciation expense | - | 717 | 191 | 185 | 7,839 | 434 | 176 | 212 | 9,754 |
| Effect of translation | - | - | - | - | - | - | - | 2 | 2 |
| **Balance at 31 March 2017** | **-** | **6,730** | **1,385** | **1,040** | **88,281** | **4,156** | **2,761** | **1,607** | **1,05,960** |

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(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **5. Other intangible assets and intangible assets under development** | | | |
| **Carrying amounts of:** | | | |
| Product registrations | 911 | 599 | 913 |
| Technical know-how | 223 | 312 | 400 |
| | **1,134** | **911** | **1,313** |
| Intangible assets under development | 825 | 1,077 | 789 |

| | Product Registrations | Technical know-how | Total |
|---|---|---|---|
| **Details of Intangible assets** | | | |
| **Cost or deemed cost** | | | |
| **Balance as at 1 April 2015** | **1,404** | **725** | **2,129** |
| Additions | - | - | - |
| Disposals/ adjustments | - | - | - |
| Effect of translation | (201) | - | (201) |
| **Balance as at 31 March 2016** | **1,203** | **725** | **1,928** |
| Additions | 494 | - | 494 |
| Disposals/ adjustments | - | - | - |
| Effect of translation | 71 | - | 71 |
| **Balance as at 31 March 2017** | **1,768** | **725** | **2,493** |

| | Product Registrations | Technical know-how | Total |
|---|---|---|---|
| **Accumulated amortisation and impairment** | | | |
| **Balance as at 1 April 2015** | **491** | **325** | **816** |
| Amortisation expense | 105 | 88 | 193 |
| Disposals/ adjustments | (15) | - | (15) |
| Effect of translation | (7) | | (7) |
| **Balance as at 31 March 2016** | **604** | **413** | **1,017** |
| Amortisation expense | 228 | 89 | 317 |
| Disposals/ adjustments | - | - | - |
| Effect of translation | 25 | - | 25 |
| **Balance as at 31 March 2017** | **857** | **502** | **1,359** |

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(₹ in lakhs, unless otherwise stated)

| | | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|---|
| **6.** | **Non-current investments** | | | |
| | Quoted equity instruments | | | |
| | (a) investments in quoted equity instruments at FVTPL | | | |
| | **Rama Phosphate Limited** | 12 | 5 | 3 |
| | 13,719 (2016: 13,719 and 2015: 13,719) Equity shares of ₹10 each, fully paid-up | | | |
| | (b) investments in quoted equity instruments at FVTOCI | | | |
| | **Coromandel Engineering Company Limited** | 971 | 1,416 | 1,044 |
| | 25,00,100 (2016: 25,00,100 and 2015: 25,00,100) Equity shares of ₹10 each, fully paid-up | | | |
| | Unquoted equity instruments | | | |
| | (c) investments in unquoted equity investments at FVTOCI | | | |
| | **Tunisian Indian Fertilisers S.A.#** | 4,719 | 7,152 | 8,514 |
| | 41,79,848 (2016: 41,79,848 and 2015: 33,75,000) Ordinary shares of Tunisian Dinars (TND) 10 each, fully paid up | | | |
| | **Nandesari Environment Control Limited** | 8 | * | * |
| | 2,000 (2016: 2,000 and 2015: 2,000) Equity shares of ₹10 each, fully paid-up | | | |
| | **Ranar Agrochem Limited** (formerly Prathyusha Chemicals and Fertilisers Limited) | 2 | 2 | 2 |
| | 10,01,000 (2016: 10,01,000 and 2015: 10,01,000) Equity shares of ₹10 each, fully paid-up | | | |
| | **Indian Potash Limited** | 922 | 1,302 | 1,302 |
| | 90,000 (2016: 90,000 and 2015: 90,000) Equity shares of ₹10 each, fully paid-up | | | |
| | **Foskor (Pty) Limited** | 21,408 | 27,202 | 20,911 |
| | 12,82,070 (2016: 12,82,070 and 2015: 12,82,070) Ordinary shares of South African Rand 1 each, fully paid-up | | | |
| | **Murugappa Management Services Limited** | 73 | 73 | 73 |
| | 16,139 (2016: 16,139 and 2015: 16,139) Equity shares of ₹100 each, fully paid-up | | | |
| | **Bharuch Enviro Infrastructure Limited** | 106 | 80 | 80 |
| | 16,100 (2016: 16,100 and 2015: 16,100) Equity shares of ₹10 each, fully paid-up | | | |
| | **Narmada Clean Tech** | 68 | 68 | 68 |
| | 2,75,000 (2016: 2,75,000 and 2015: 2,75,000) Equity shares of ₹10 each, fully paid-up | | | |
| | **A.P. Gas Power Corporation Limited** | 8,448 | 8,448 | 8,448 |
| | 53,92,160 (2016: 53,92,160 and 2015: 53,92,160) Equity shares of ₹10 each, fully paid-up | | | |
| | **Total aggregate Equity investments at FVTOCI (C)** | **35,754** | **44,327** | **39,398** |

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(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **(d) Investment in joint ventures** | | | |
| **Yanmar Coromandel Agrisolutions Private Limited** | 725 | 572 | 432 |
| 1,30,04,000 (2016: 90,04,000 and 2015: 50,04,000) Equity shares of ₹10 each, fully paid-up | | | |
| **Coromandel SQM (India) Private Limited** | 955 | 779 | 719 |
| 50,00,000 (2016: 50,00,000 and 2015: 50,00,000) Ordinary shares of ₹10 each, fully paid-up | | | |
| **Coromandel Getax Phosphates Pte Limited** | - | 115 | 140 |
| Nil (2016: 5,00,000 and 2015: 5,00,000) Ordinary shares of USD 1 each, fully paid-up | | | |
| **Total aggregate investments in joint ventures (D)** | **1,680** | **1,466** | **1,291** |
| **(e) Investment in associate** | | | |
| **Sabero Organics Philippines Asia Inc. - Associate** | * | * | * |
| 320 (2016: 318 and 2015: 318) Equity shares of PHP$100 each fully paid-up | | | |
| **(f) Other investments at FVTPL** | | | |
| **Faering Capital India Evolving Fund** | 414 | 471 | 472 |
| 36,435 (2016: 46,658 and 2015: 46,832) units of ₹1,000 each, fully paid-up | | | |
| **(g) Others** | | | |
| Share application money pending allotment - at cost | 4 | 6 | 6 |
| Loans at FVTOCI*** | - | - | 2,737 |
| **Total aggregate others (G)** | 4 | 6 | 2,743 |
| **Total investments (A) + (B) + (C) + (D) + (E) + (F)+ (G)** | **38,835** | **47,691** | **44,951** |

*less than a lakh

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Aggregate amount of quoted investments and market value thereof | 983 | 1,421 | 1,047 |
| Aggregate amount of unquoted investments | 37,852 | 46,270 | 43,904 |
| Aggregate amount of impairment in value of investments | - | 107 | - |

Notes:

# The Ordinary shares of Tunisian Indian Fertilisers S.A., Tunisia (TIFERT) held by the Group have been pledged to secure the obligations of TIFERT to their lenders, except 8,04,848 shares. During the year ended 31 March 2016, the compulsorily convertible loan and interest accrued thereon have been converted into Ordinary shares of TIFERT.

***includes loan amounting ₹Nil (2016: ₹Nil; 2015: ₹2,551 Lakhs) to TIFERT which is compulsorily convertible to equity shares at the end of three years from November 2012.

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(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **7. Other financial assets** | | | |
| **Financial assets carried at fair value through profit or loss (FVTPL)** | | | |
| Derivatives that are not designated in hedge accounting relationships | | | |
| Foreign currency forward contracts | 1,361 | 357 | 249 |
| Currency and interest rate swaps | - | 2,999 | 7,642 |
| Option contracts | - | - | 184 |
| | **1,361** | **3,356** | **8,075** |
| **Financial assets carried at amortised cost** | | | |
| Advances with related parties | 485 | 262 | 487 |
| Interest accrued but not due on deposits, loans, others | 1,205 | 766 | 358 |
| Insurance claims receivable | 737 | 1,440 | - |
| | **2,427** | **2,468** | **845** |
| | **3,788** | **5,824** | **8,920** |
| Current | 3,788 | 4,240 | 6,086 |
| Non-current | - | 1,584 | 2,834 |
| | **3,788** | **5,824** | **8,920** |
| **8. Other non-current assets** | | | |
| Capital advances | 912 | 1,373 | 1,217 |
| Pre-payment for leasehold land | 2,969 | 3,379 | 3,408 |
| Deposits | 3,087 | 3,076 | 2,748 |
| Others | 57 | 145 | 117 |
| | **7,025** | **7,973** | **7,490** |
| **9. Inventories** | | | |
| Raw materials | 38,120 | 51,308 | 69,893 |
| Raw materials in-transit | 17,243 | 35,002 | 18,509 |
| Work-in-process | 2,499 | 2,175 | 5,128 |
| Finished goods | 79,693 | 95,057 | 80,213 |
| Stock-in-trade | 28,584 | 44,104 | 44,643 |
| Stores and spares | 3,764 | 3,840 | 3,807 |
| Packing materials | 2,558 | 3,090 | 3,026 |
| | **1,72,461** | **2,34,576** | **2,25,219** |

Note: For details of inventories pledged refer Note 18 and refer Note 3.20 for basis of valuation

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(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **10. Current investments** | | | |
| **Quoted instruments at FVTPL** | | | |
| **Ashnoor Textile Mills Limited** | - | * | * |
| Nil (2016: 238 and 2015: 238) Equity shares of ₹10 each, fully paid-up | | | |
| **I G Petrochemicals Limited** | - | 13 | 7 |
| Nil (2016: 13,000 and 2015: 13,000) Equity shares of ₹10 each, fully paid-up | | | |
| **Canara Robecco Gold Saving Fund** | 13 | 13 | 12 |
| 1,49,284.652 (2016: 1,49,284.652 and 2015: 1,49,284.652) units of ₹10 each | | | |
| **Total quoted investments (A)** | **13** | **26** | **19** |
| **Unquoted other investments at FVTPL** | | | |
| **UTI Master Shares** | * | * | * |
| 1,000 (2016: 1,000 and 2015: 1,000) shares of ₹10 each, fully paid-up | | | |
| **Government securities** | - | 1 | 2 |
| **Total unquoted investments (B)** | **-** | **1** | **2** |
| **Total current investments (A) + (B)** | **13** | **27** | **21** |
| *less than a lakh | | | |
| Aggregate amount of quoted investments and market value thereof | 13 | 26 | 19 |
| Aggregate amount of unquoted investments | - | 1 | 2 |
| Aggregate amount of impairment in value of investments | - | - | - |
| **11. Trade receivables** | | | |
| (a) Secured, considered good | 7,487 | 6,965 | 6,511 |
| (b) Unsecured, considered good | 1,54,680 | 1,57,220 | 1,23,827 |
| (c) Unsecured, considered doubtful | 10,083 | 7,984 | 4,495 |
| | 1,72,250 | 1,72,169 | 1,34,833 |
| Allowance for doubtful debts | 10,083 | 7,984 | 4,495 |
| | **1,62,167** | **1,64,185** | **1,30,338** |

The credit period on sales of goods varies with seasons and business segments/ markets and generally ranges between 30 to 180 days. No interest is recovered on trade receivables for payments received after the due date.

Before accepting any new customer, the Group has a credit evaluation system to assess the potential customer's credit quality and define credit limits for the customer. Credit limits attributed to customers are reviewed on an annual basis.

The Group maintains an allowance for impairment of doubtful accounts based on financial condition of the customer, ageing of the customer receivable and overdues, available collaterals and historical experience of collections from customers. Accordingly, the Group creates provision for past due receivables beyond 180 days ranging between 25%-100% after reckoning the underlying collaterals. Besides, based on the expected credit loss model the Group also provides upto 0.50% for receivables less than 180 days.

(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| **Movement in the allowance for doubtful debts** | | |
| Balance at beginning of the year | 7,984 | 4,495 |
| Impairment losses recognised on receivables | 2,886 | 3,567 |
| Amounts written off during the year as uncollectible | (787) | (78) |
| **Balance at end of the year** | **10,083** | **7,984** |

The concentration of risk with respect to trade receivables is reasonably low, as its customers are located in several jurisdictions representing large number of minor receivables operating in independent markets. No single customer constitutes more than 5% balance of the total trade receivables as of the Balance Sheet date.

**Securitisation of financial assets**

The Company securitises and surrenders control over the trade receivables, though it continues to act as an agent for the collection of receivables. The dealer finance facility provided by banks to the Company's fertiliser dealers under this arrangement is ₹55,958 lakhs (2016: ₹1,05,780 lakhs; 2015: ₹68,853 lakhs).

In some of these transactions, the Company also provides credit enhancements to the transferee by way of agreeing to bear a portion of default losses. Because of the existence of credit enhancements in certain transactions, the Company continues to have the obligation to pay to the transferee, limited to the extent of credit enhancement, even if it does not collect the equivalent amounts from the original asset, and hence, such transfer or assignment does not meet the derecognition criteria resulting into the transfer not being recorded as sale. Consequently, the proceeds received from the transfer amounting ₹864 lakhs (2016: ₹4,538 lakhs; 2015: ₹Nil) are recorded as borrowings.

| | | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|---|
| **12.** | **Cash and cash equivalents** | | | |
| | Cash on hand | 38 | 53 | 230 |
| | Balances with Banks: | | | |
| | On Current accounts | 10,312 | 9,237 | 16,296 |
| | On Deposit accounts | 4,321 | 8,158 | 4,356 |
| | | **14,671** | **17,448** | **20,882** |
| **13.** | **Bank balances other than cash and cash equivalents** | | | |
| | Restricted | | | |
| | Dividend accounts | 1,395 | 1,477 | 7,335 |
| | Bonus debenture redemption and interest | 708 | 714 | 726 |
| | Escrow accounts | - | 122 | 2,021 |
| | Margin money/ deposit | 9 | 17 | 23 |
| | | **2,112** | **2,330** | **10,105** |

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(₹ in lakhs, unless otherwise stated)

### Unclaimed dividend accounts

If the dividend has not been claimed within 30 days from the date of its declaration, the Group is required to transfer the total amount of the dividend which remains unpaid or unclaimed, to a special account to be opened by the Company in a scheduled bank to be called "Unpaid Dividend Account". The unclaimed dividend lying in such account is required to be transferred to the Investor Education and Protection Fund (IEPF), administered by the Central Government after a period of seven years from the date of declaration.

### Bonus debenture redemption and interest

If the proceeds on maturity of debentures and interest thereon has not been claimed within 30 days from the date of its declaration, the Group is required to transfer the total amount of the debenture which remains unpaid or unclaimed, to a special account to be opened by the Company in a scheduled bank to be called "Unpaid debenture account". The unclaimed amounts lying in such account is required to be transferred to the Investor Education and Protection Fund (IEPF), administered by the Central Government after a period of seven years from the date of declaration.

### Escrow accounts

Represents indemnity amounts held back in accordance with the share purchase agreements in respect of acquisitions.

### Margin money/deposit

Amounts in margin money/deposit accounts represents amounts deposited with certain government agencies.

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **14. Loans** | | | |
| **At amortised cost** | | | |
| (Unsecured, considered good) | | | |
| Inter-corporate deposits | 52,225 | 48,000 | 47,000 |
| | **52,225** | **48,000** | **47,000** |
| Current | 52,225 | 48,000 | 47,000 |
| Non-current | - | - | - |
| | **52,225** | **48,000** | **47,000** |
| **15. Other current assets** | | | |
| Advances recoverable in kind or for value to be received | | | |
| Considered good | 16,266 | 13,221 | 16,586 |
| Considered doubtful | 360 | 211 | 92 |
| | 16,626 | 13,432 | 16,678 |
| Less: Impairment allowance | 360 | 211 | 92 |
| | 16,266 | 13,221 | 16,586 |
| Others | 4,263 | 4,004 | 6,433 |
| | **20,529** | **17,225** | **23,019** |

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(Contd.)

(₹ in lakhs, unless otherwise stated)

## 16. Equity

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **16.1 Equity share capital** | | | |
| **Authorised Share capital :** | | | |
| 35,00,00,000 fully paid equity shares of ₹1 each (2016: 35,00,00,000 and 2015: 35,00,00,000) equity shares of ₹1 each | 3,500 | 3,500 | 3,500 |
| **Issued, subscribed and fully paid-up:** | | | |
| 29,16,69,127 (31 March 2016 : 29,13,20,465 and 2015: 29,12,50,357) fully paid equity shares of ₹1 each | 2,917 | 2,913 | 2,913 |
| | **2,917** | **2,913** | **2,913** |

**16.2 Reconciliation of number of equity shares and amount outstanding at the beginning and at the end of the year:**

| | Numbers of Shares | Amount |
|---|---|---|
| **Balance as at 1 April 2015** | **29,12,50,357** | **2,913** |
| Add: Equity shares allotted pursuant to exercise of stock options | 70,108 | * |
| **Balance as at 31 March 2016** | **29,13,20,465** | **2,913** |
| Add: Equity shares allotted pursuant to exercise of stock options | 3,48,662 | 4 |
| **Balance as at 31 March 2017** | **29,16,69,127** | **2,917** |

*less than a lakh

**16.3 Rights, preferences and restriction relating to each class of share capital:**

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

**16.4** As at 31 March 2017, E.I.D.-Parry (India) Limited (Parent Company) held 17,71,55,580 (2016: 17,71,55,580, 2015: 17,71,55,580) equity shares of ₹1 each fully paid-up representing 60.74% (2016: 60.81%, 2015: 60.83%) of the paid up capital. ICICI Prudential Life Insurance Company Limited held 1,47,30,079 (2016: 1,51,32,363, 2015: 1,26,12,330) equity shares of ₹1 each fully paid-up representing 5.05% (2016: 5.19%, 2015: 4.33%). There are no other shareholders holding more than 5% of the issued capital.

**16.5 Share options granted under the Group's employee share option plan**

As at 31 March 2017, shares reserved for issue under the 'ESOP 2007' scheme is 87,94,148 (2016: 91,42,810, 2015: 92,12,918) equity shares of ₹1 each and under the 'ESOP 2016' scheme is 1,45,81,000 (2016: Nil; 2015: Nil) equity shares of ₹1 each.

Share options granted under the Group's employee share option plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are provided below in Note 33.

**16.6 Details of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date**

During the year ended 31 March 2015:

(a) 25,74,193 equity shares of ₹1 each fully paid-up were allotted to shareholders of erstwhile Liberty Phosphate Limited (LPL) in the proportion of 7 equity shares of ₹1 each of the Company for every 8 equity shares of ₹10 each held in the LPL pursuant to the Scheme of Amalgamation between LPL and the Company.

(b) 53,09,210 equity shares of ₹1 each fully paid-up were allotted to shareholders of erstwhile Sabero Organics Gujarat Limited (Sabero) in the proportion of 5 equity shares of ₹1 each of the Company for every 8 equity shares of ₹10 each held in Sabero pursuant to the Scheme of Amalgamation between Sabero and the Company.

# Consolidated Notes

(Contd.)

(₹ in lakhs, unless otherwise stated)

| | | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|---|
| 16.7 | **Cumulative redeemable preference shares** | | | |
| | **Authorised capital** | | | |
| | 5,000,000 (2016: 50,00,000; 2015: 50,00,000) cumulative redeemable preference shares of ₹10 each | 500 | 500 | 500 |

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

No such cumulative redeemable preference shares are issued and outstanding as of 31 March 2017 (2016: Nil; 2015: Nil).

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **17. Other equity** | | | |
| General reserve | 2,00,340 | 1,70,340 | 1,40,340 |
| Retained earnings | 70,066 | 66,400 | 69,419 |
| Capital reserve | 352 | 352 | 352 |
| Capital redemption reserve | 986 | 986 | 986 |
| Securities Premium Account | 10,771 | 10,586 | 10,555 |
| Central subsidy | 11 | 11 | 11 |
| Share options outstanding account | 236 | 67 | 59 |
| Foreign currency translation reserve | 5,123 | 5,542 | 4,788 |
| Equity Instruments through OCI | (1,407) | 6,319 | 4,478 |
| Remeasurement of the net defined benefit plans | (318) | (120) | - |
| | **2,86,160** | **2,60,483** | **2,30,988** |

| | | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|
| (i) | **General reserve** | | |
| | Balance at beginning of year | 1,70,340 | 1,40,340 |
| | Amount transferred from retained earnings | 30,000 | 30,000 |
| | | **2,00,340** | **1,70,340** |

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

# Consolidated Notes

(Contd.)

(₹ in lakhs, unless otherwise stated)

| | | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|
| (ii) | **Retained earnings** | | |
| | Balance at beginning of year | 66,400 | 69,419 |
| | Profit for the year | 47,696 | 35,744 |
| | Payment of dividend on equity shares | (14,030) | (8,763) |
| | Amount transferred to general reserve | (30,000) | (30,000) |
| | | **70,066** | **66,400** |

Retained earnings represents the Group's undistributed earnings after taxes.

In respect of the year ended 31 March 2017, the directors propose that a dividend of ₹5 per share be paid on fully paid equity shares. This equity dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend to be paid is ₹17,552 Lakhs including dividend distribution tax of ₹2,969 Lakhs.

In July 2016, a dividend of ₹4 per share (total dividend ₹14,030 lakhs including dividend distribution tax of ₹2,374 lakhs) was paid to holders of fully paid equity shares. In July 2015, the total dividend paid was ₹2.50 per share amounting to ₹7,281 lakhs including dividend distribution tax of ₹1,482 lakhs).

| | | | |
|---|---|---|---|
| (iii) | **Capital Reserve** | **352** | **352** |
| (iv) | **Capital Redemption reserve** | **986** | **986** |

Capital redemption reserve has been created pursuant to the requirements of the Act under which the Company is required to transfer certain amounts on redemption of the preference shares. The Company has redeemed the underlying preference shares in the earlier years. The capital redemption reserve can be utilised for issue of bonus shares.

| | | | |
|---|---|---|---|
| (v) | **Securities premium reserve** | | |
| | Balance at beginning of year | 10,586 | 10,555 |
| | Amount received on exercise of employee stock option | 185 | 31 |
| | | **10,771** | **10,586** |

Securities premium reserve represents the amount received in excess of the face value of the equity shares. The utilisation of the securities premium reserve is governed by the Section 52 of the Act.

| | | | |
|---|---|---|---|
| (vi) | **Central subsidy** | **11** | **11** |
| (vii) | **Share options outstanding account** | | |
| | Balance at beginning of year | 67 | 59 |
| | Recognition of share based payment expense | 169 | 8 |
| | | **236** | **67** |

Share options outstanding account relates to share options granted by the Group to its employees under its employee share option plan. These will be transferred to retained earnings after the exercise of the underlying options.

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(₹ in lakhs, unless otherwise stated)

| | | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|
| (viii) | **Foreign currency translation reserve** | | |
| | Balance at beginning of year | 5,542 | 4,788 |
| | Movement during the year | (419) | 754 |
| | | **5,123** | **5,542** |

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency i.e. Indian Rupee (₹) are recognised directly and accumulated in the foreign currency translation reserve. These balances are reclassified to profit or loss on the disposal of the foreign operations.

| | | | |
|---|---|---|---|
| (ix) | **Reserve for equity instruments through other comprehensive income** | | |
| | Balance at beginning of year | 6,319 | 4,478 |
| | Net fair value gain/ (loss) on investments in equity instruments at FVTOCI (net of tax) | (7,726) | 1,841 |
| | | **(1,407)** | **6,319** |

This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed of.

| | | | |
|---|---|---|---|
| (x) | **Remeasurement of the net defined benefit plans** | | |
| | Balance at beginning of year | (120) | - |
| | Actuarial gain/(loss) recognised | (198) | (120) |
| | | **(318)** | **(120)** |

This reserve represents the actuarial gain/(loss) recognised on the defined benefit plan and will not be transferred to retained earnings.

# Consolidated Notes

(Contd.)

(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **18. Borrowings** | | | |
| **Secured- at amortised cost** | | | |
| Term Loans | | | |
| Banks | - | 4,406 | 8,285 |
| Others | - | - | 572 |
| Loan repayable on demand from banks | 25,693 | 41,202 | 73,654 |
| Amount payable on securitisation of financial assets | 864 | 39,538 | - |
| Short term loans from banks | 70,740 | - | - |
| **Unsecured- at amortised cost** | | | |
| Loan repayable on demand from banks | 62,557 | 106,145 | 99,686 |
| Banks | 52,984 | 71,378 | 30,000 |
| Others | 10,000 | - | - |
| | **222,838** | **262,669** | **212,197** |
| | | | |
| Long term borrowings | - | 4,406 | 8,857 |
| Short term borrowings | 222,838 | 258,263 | 203,340 |
| | **222,838** | **262,669** | **212,197** |

**18.1 Summary of borrowing arrangements**

i) There are no outstanding long-term borrowings as of 31 March 2017. In respect of earlier years:

a) The term loans from banks primarily comprise of External Commercial Borrowings (ECB) secured by paripassu charge on fixed assets of Visakhapatnam and Kakinada plants. These ECBs carried interest rates with spread ranging 155 bps to 215 bps over 3 months LIBOR and were repaid during the year. Certain ECBs amounting to ₹728 lakhs taken over from erstwhile Sabero Organics Gujarat Limited (Sabero) are secured by way of first pari passu charge on the entire fixed assets and second pari passu charge on the entire current assets of Sarigam and Dahej plants of the Company. These ECB carried interest rates with spread of 300 bps over 6 months LIBOR and were repaid in 2016.

b) Foreign currency term loan (FCTL) and rupee term loan from a financial institution amounting ₹Nil (2016: ₹584 lakhs; 2015: ₹1,334 lakhs (including current maturities) which are taken over from erstwhile Sabero are secured by way of first pari passu charge on the entire fixed assets and second pari passu charge on the entire current assets of Sarigam and Dahej plants of the Company. Rupee term loan carried interest of 11% and the FCTL carried interest rates with spread of 450 bps over 6 months LIBOR. These loans are repaid during the year.

ii) Secured loan repayable on demand comprises cash credit balances secured by a pari-passu charge on current assets of the Company. Further, these are secured by second charge on moveable fixed assets of the Company.

iii) Secured short-term borrowings comprises commercial papers and working capital demand loan. Commercial paper is secured by a pari-passu charge on current assets of the Company. Working capital demand loan is secured by specific subsidy receivables and letter of comfort from Government of India.

iv) Unsecured loans repayable on demand comprises of buyers credit denominated in foreign currency and unsecured short-term loans comprise of commercial paper and foreign currency loans from banks.

v) Amount payable on securitisation of financial assets is secured by way of charge over certain trade receivables and subsidy receivables.

**18.2 Breach of loan agreement**

There is no breach of loan agreement

# Consolidated Notes

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(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **19. Other financial liabilities** | | | |
| **Financial liabilities mandatorily measured at fair value through profit or loss (FVTPL)** | | | |
| Derivatives not designated in hedge accounting relationships | | | |
| Foreign currency forward contracts | 5,157 | 5,485 | 1,109 |
| Interest rate swap contracts | - | 60 | 162 |
| Currency and interest rate swap contracts | - | 164 | 734 |
| Option contracts | 2,177 | 332 | - |
| | **7,334** | **6,041** | **2,005** |
| **Financial liabilities carried at amortised cost** | | | |
| Guarantee issued | 109 | 219 | 70 |
| Security and trade deposits received | 10,417 | 9,918 | 9,644 |
| Current maturities of long-term debt | - | 5,001 | 22,326 |
| Interest accrued but not due on borrowings | 150 | 264 | 97 |
| Interest accrued but not due on others | 1,232 | 1,490 | 2,277 |
| Intrim dividend payable | - | - | 5,826 |
| Unclaimed dividends | 1,395 | 1,477 | 1,510 |
| Unclaimed bonus debentures and interest | 708 | 714 | 726 |
| Payables on purchase of property, plant and equipments | 218 | 222 | 1,694 |
| Others* | 9,783 | 10,208 | 12,264 |
| | **24,012** | **29,513** | **56,434** |
| | **31,346** | **35,554** | **58,439** |
| | | | |
| Current | 31,223 | 35,394 | 58,069 |
| Non-current | 123 | 160 | 370 |
| | **31,346** | **35,554** | **58,439** |

*includes amount payable on contractual terms ₹9,779 lakhs (2016: ₹10,208 lakhs; 2015: ₹11,538 lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **20. Provisions** | | | |
| Employee benefits* | 2,891 | 2,567 | 2,347 |
| | **2,891** | **2,567** | **2,347** |
| Current | 1,474 | 788 | 669 |
| Non-current | 1,417 | 1,779 | 1,678 |
| | **2,891** | **2,567** | **2,347** |

*The provision for employee benefits represents leave entitlements and gratuity. Refer Note 34(a) for details

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(₹ in lakhs, unless otherwise stated)

| | | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|---|
| **21.** | **Income tax** | | | |
| **21.1** | **Deferred tax liabilities (net)** | | | |
| | Deferred tax liabilities/(assets) in relation to: | | | |
| | Property, plant and equipment | 21,145 | 21,487 | 21,728 |
| | Investments at FVTOCI | (876) | (218) | 409 |
| | Provision for doubtful trade and other receivables, loans and advances | (3,614) | (2,808) | (1,568) |
| | Statutory dues allowable on payment basis | (410) | (501) | (423) |
| | Employees separation and retirement costs | (1,011) | (895) | (854) |
| | Others | (287) | (273) | (305) |
| | | **14,947** | **16,792** | **18,987** |
| **21.2** | **Unrecognised deductible temporary differences, unused tax losses and unused tax credits** | | | |
| | Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following: | | | |
| | - long-term capital loss | 74 | 290 | 290 |
| | - short-term capital loss | 4 | 4 | 4 |
| | - unused tax losses | 278 | 312 | 347 |
| | | **356** | **606** | **641** |

Long-term capital loss is available for set-off till 31 March 2025 (2016: ₹290 lakhs till 31 March 2017 and 2015: ₹290 lakhs till 31 March 2017), short-term capital loss till 31 March 2020, unused tax losses amounting ₹250 lakhs (2016: ₹287 lakhs and 2015: ₹327 lakhs) do not have any expiry and balance unused tax losses have an expiry ranging from 2018 till 2025.

| | | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|---|
| **21.3** | **Income tax credit/ (expense) recognised directly in equity** | | |
| | Tax effect on changes in fair value of other investments | 958 | 517 |
| | Tax effect on actuarial gains/losses on defined benefit obligations | 105 | 63 |
| | | **1,063** | **580** |

| | | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|---|
| **21.4** | **Current tax liabilities (net)** | | | |
| | Income tax payable | 1,640 | 3,867 | 1,167 |
| | | **1,640** | **3,867** | **1,167** |

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(₹ in lakhs, unless otherwise stated)

| | | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|---|
| 21.5 | **Reconciliation of tax expense to the accounting profit is as follows:** | | |
| | **Accounting profit before tax** | **71,230** | **52,906** |
| | Tax expense at statutory tax rate of 34.61% | 24,651 | 18,310 |
| | *Adjustments:* | | |
| | Effect of income that is exempt from tax | (68) | (6) |
| | Effect of expenses that are not deductible in determining taxable profit | 45 | 239 |
| | Effect of concessions (research and development and other allowances) | (1,358) | (1,435) |
| | Effect of change in tax rate | - | 341 |
| | Others | 264 | (287) |
| | **Tax expense reported in the Statement of Profit and Loss** | **23,534** | **17,162** |

| | | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|---|
| **22.** | **Other Liabilities** | | | |
| | Advances from customers | 3,953 | 3,568 | 3,739 |
| | Income received in advance | 1,023 | 1,071 | 2,239 |
| | Other liabilities (including statutory remittances) (Refer Note (i) below) | 3,331 | 5,390 | 5,643 |
| | | **8,307** | **10,029** | **11,621** |
| | Current | 7,284 | 8,958 | 9,382 |
| | Non-current | 1,023 | 1,071 | 2,239 |
| | | **8,307** | **10,029** | **11,621** |

**Note:**

(i) Other liabilities include indemnity amounts aggregating ₹ Nil (2016: ₹ 122 lakhs, 2015 : ₹ 2,021 lakhs) held back in accordance with the share purchase agreements in respect of acquisitions

| | | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|---|
| **23.** | **Trade payables** | | | |
| | Acceptances | 2,01,491 | 2,13,115 | 1,75,847 |
| | Others | 91,963 | 1,10,178 | 1,20,468 |
| | | **2,93,454** | **3,23,293** | **2,96,315** |

Due to MSME 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. Refer Note 47

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(₹ in lakhs, unless otherwise stated)

| | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|
| **24. Revenue from operations** | | |
| The following is an analysis of the Group's revenue: | | |
| Sales | 7,67,296 | 8,26,389 |
| Government subsidies | 2,46,802 | 3,30,756 |
| Other operating revenue | 5,411 | 6,237 |
| **Total Revenue from operations** | **10,19,509** | **11,63,382** |
| **Other operating revenues comprise:** | | |
| Service income | 284 | 167 |
| DEPB income/ excise benefits | 2,853 | 3,435 |
| Provision for liabilities no longer required, written back | 164 | 252 |
| Insurance claim | 681 | 645 |
| Others | 1,429 | 1,738 |
| | **5,411** | **6,237** |
| **25. Other Income** | | |
| Interest income | 4,752 | 4,749 |
| Dividend income from investments carried at FVTPL | 22 | 14 |
| Dividend income from investments carried at FVTOCI | 3 | 2 |
| Guarantee income | 109 | 109 |
| Profit on sale/scrap of property, plant and equipments (net) | 14 | - |
| Profit on sale of investment | 242 | 1 |
| Gain on measuring investments at FVTPL (net) | 25 | 9 |
| Others | 315 | 1,765 |
| | **5,482** | **6,649** |
| **26. Changes in inventories of finished goods, work-in-process and stock-in-trade** | | |
| As at 1 April | | |
| Work-in-process | 2,175 | 5,128 |
| Finished goods | 95,057 | 80,213 |
| Stock-in-trade | 44,104 | 44,659 |
| | **1,41,336** | **1,30,000** |
| Less: As at 31 March | | |
| Work-in-process | 2,499 | 2,175 |
| Finished goods | 79,693 | 95,057 |
| Stock-in-trade | 28,584 | 44,104 |
| | **1,10,776** | **1,41,336** |
| | **30,560** | **(11,336)** |

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(₹ in lakhs, unless otherwise stated)

| | | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|---|
| **27.** | **Employee benefits expense** | | |
| | Salaries, wages and bonus | 25,762 | 24,408 |
| | Share based payments | 169 | 8 |
| | Contribution to provident and other funds | 2,215 | 1,996 |
| | Staff welfare expenses | 2,938 | 2,775 |
| | | **31,084** | **29,187** |
| **28.** | **Finance cost** | | |
| | Interest expense | 21,845 | 21,526 |
| | Other borrowing costs and charges | 533 | 568 |
| | | **22,378** | **22,094** |
| **29.** | **Depreciation and amortisation expense** | | |
| | Depreciation of property, plant and equipment (refer Note 4) | 9,754 | 10,419 |
| | Amortisation of intangible assets (refer Note 5) | 317 | 193 |
| | | **10,071** | **10,612** |
| **30.** | **Other expenses** | | |
| | Stores and spares consumed | 7,227 | 6,201 |
| | Power, fuel and water | 20,516 | 21,176 |
| | Rent | 3,923 | 3,329 |
| | Repairs to: | | |
| | Buildings | 354 | 297 |
| | Machinery | 2,286 | 2,270 |
| | Others | 1,948 | 1,768 |
| | Insurance charges | 1,164 | 869 |
| | Rates and taxes | 925 | 763 |
| | Freight and distribution | 82,778 | 82,739 |
| | Exchange differences (net) | 10,251 | 20,955 |
| | Loss on sale/scrap of property, plant and equipments (net) | - | 267 |
| | Provision for doubtful trade and other receivables, loans and advances (net) | 2,248 | 3,608 |
| | Trade and other receivables written off | 977 | 118 |
| | Miscellaneous expenses | 27,030 | 25,608 |
| | | **1,61,627** | **1,69,968** |

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(₹ in lakhs, unless otherwise stated)

## 31. Segment information

### 31.1 Products and services from which reportable segments derive their revenues

The information reported to the Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessment of segment performance is based on types of goods and services. Accordingly, the Company's reportable segments under Ind AS 108 are as follows:

1. Nutrient and other allied business
2. Crop protection

The following is an analysis of the Company's revenue and results from operations by reportable segment:

| | Segment revenue | | Segment profit | |
|---|---|---|---|---|
| | For the year ended 31 March 2017 | For the year ended 31 March 2016 | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
| Nutrient and other allied business | 891,343 | 1,045,190 | 73,048 | 59,508 |
| Crop protection | 140,820 | 128,157 | 26,154 | 16,415 |
| | **1,032,163** | **1,173,347** | **99,202** | **75,923** |
| Less: Inter - segment | (12,654) | (9,965) | (289) | (993) |
| **Total** | **1,019,509** | **1,163,382** | **98,913** | **74,930** |
| | | | | |
| Other income | | | 5,482 | 6,649 |
| Exceptional item | | | - | 2,500 |
| Unallocable expense | | | (10,716) | (8,861) |
| Finance costs | | | (22,378) | (22,094) |
| **Profit before tax** | | | **71,301** | **53,124** |

The accounting policies of the reportable segments are same as the Group's accounting policies. Segment profit represents the profit before interest and tax earned by each segment without allocation of central administrative costs and other income. This is the measure reported to the CODM.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

### 31.2 Segment assets and liabilities

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **Segment assets** | | | |
| Nutrient and other allied business | 6,56,580 | 7,05,880 | 6,00,866 |
| Crop protection | 97,507 | 91,392 | 1,04,760 |
| Unallocable assets | 110,413 | 1,20,895 | 1,29,348 |
| **Total assets** | **8,64,500** | **9,18,167** | **8,34,974** |
| | | | |
| **Segment liabilities** | | | |
| Nutrient and other allied business | 2,94,267 | 3,29,658 | 2,99,834 |
| Crop protection | 28,021 | 25,118 | 31,774 |
| Unallocable liabilities | 2,53,135 | 2,99,995 | 2,69,465 |
| **Total liabilities** | **5,75,423** | **6,54,771** | **6,01,073** |

For the purposes of monitoring segment performance and allocating resources between segments:

1. All assets are allocated to reportable segments other than inter-corporate deposits, investments, cash and cash equivalents and derivative contracts.
2. All liabilities are allocated to reportable segments other than borrowings, defined benefit obligation and long-term employee benefits, derivative contracts, current and deferred tax liabilities.

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(₹ in lakhs, unless otherwise stated)

### 31.3 Other segment information

| | Depreciation and amortisation | | Additions to non- current assets | |
|---|---|---|---|---|
| | For the year ended 31 March 2017 | For the year ended 31 March 2016 | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
| Nutrient and other allied business | 7,502 | 8,107 | 3,728 | 7,121 |
| Crop protection | 2,569 | 2,505 | 5,519 | 2,547 |

### 31.4 Revenue from major products

The following is an analysis of the Group's revenue from operations from its major products:

| | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|
| Phosphatic Fertilisers | 4,58,636 | 5,50,558 |
| Urea | 50,583 | 35,922 |
| Muriate of Potash | 18,827 | 14,840 |
| Single Super Phosphate | 27,136 | 35,689 |
| Others | 89,359 | 77,425 |
| | **6,44,541** | **7,14,434** |
| Government subsidies | 2,46,802 | 3,30,756 |
| **Nutrient and other allied business** | **8,91,343** | **10,45,190** |
| Crop protection | 1,40,820 | 1,28,157 |
| **Total** | **10,32,163** | **11,73,347** |
| Less: Inter - segment | (12,654) | (9,965) |
| **Revenue from operations** | **10,19,509** | **11,63,382** |

## 32. Financial instruments

### 32.1 Capital management

The Group's capital management objective is to maximise the total shareholder return by optimising cost of capital through flexible capital structure that supports growth. Further, the Group ensures optimal credit risk profile to maintain/enhance credit rating.

The Group determines the amount of capital required on the basis of annual operating plan and long-term strategic plans. The funding requirements are met through internal accruals and long-term/short-term borrowings. The Group monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Group.

For the purpose of capital management, capital includes issued equity capital, securities premium and all other reserves. Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents and inter-corporate deposits with financial institutions.

The following table summarises the capital of the Group:

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **Equity** | **2,89,077** | **2,63,396** | **2,33,901** |
| Short-term borrowings and current portion of long-term debt | 2,22,838 | 2,63,264 | 2,25,666 |
| Long-term debt | - | 4,406 | 8,857 |
| Inter-corporate deposits with financial institutions | (52,225) | (48,000) | (47,000) |
| Cash and cash equivalents | (14,671) | (17,448) | (20,882) |
| **Net debt** | **1,55,942** | **2,02,222** | **1,66,641** |
| **Total capital (equity + net debt)** | **4,45,019** | **4,65,618** | **4,00,542** |
| Net debt to capital ratio | 0.35 | 0.43 | 0.42 |
| Interest coverage ratio | 4.18 | 3.39 | - |

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(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **32.2 Categories of financial instruments** | | | |
| **Financial assets** | | | |
| **Measured at fair value through profit or loss (FVTPL)*** | | | |
| (a) Mandatorily measured: | | | |
| (i) Derivative instruments not designated in hedge accounting relationship | 1,361 | 3,356 | 8,075 |
| (ii) Equity investments | 25 | 32 | 24 |
| (iii) Other investments | 414 | 471 | 472 |
| **Measured at amortised cost** | | | |
| (a) Cash and bank balances | 16,783 | 19,778 | 30,987 |
| (b) Other financial assets at amortised cost | 4,72,522 | 4,51,359 | 3,57,123 |
| **Measured at FVTOCI*** | | | |
| (a) Investments in equity instruments designated upon initial recognition | 36,725 | 45,743 | 40,442 |
| (b) Investments in other instruments designated upon initial recognition | - | - | 2,737 |
| **Measured at cost** | | | |
| (a) Investments in equity instruments in joint ventures and associate | 1,684 | 1,472 | 1,297 |
| **Financial liabilities** | | | |
| **Measured at fair value through profit or loss (FVTPL)*** | | | |
| (a) Derivative instruments not designated in hedge accounting relationship | 7,334 | 6,041 | 2,005 |
| **Measured at amortised cost** | 5,40,195 | 6,15,256 | 5,64,876 |
| **Financial guarantee contract** | 109 | 219 | 70 |

*Refer note 32.9 for fair valuation methods and assumptions

### 32.3 Financial risk management objectives

The Group has adequate internal processes to assess, monitor and manage financial risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by using financial instruments such as foreign currency forward contracts, option contracts, interest and currency swaps to hedge risk exposures and appropriate risk management policies as detailed below. The use of these financial instruments is governed by the Group's policies, which outlines principles on foreign exchange risk, interest rate risk, credit risk and deployment of surplus funds.

| Item | Primarily affected by | Risk management policies | Refer |
|---|---|---|---|
| Market risk - currency risk | USD balances and exposure towards trade payables, buyer's credit, exports, short-term and long-term borrowings | Mitigating foreign currency risk using foreign currency forward contracts, option contracts and currency swaps | Note 32.4.1 |
| Market risk - interest rate risk | Change in market interest rates | Maintaining a combination of fixed and floating rate debt; interest rate swaps for long-term borrowings; cash management policies | Note 32.4.2 |
| Market risk - other price risk | Decline in value of equity instruments | Monitoring forecasts of cash flows; diversification of portfolio | Note 32.4.3 |
| Credit risk | Ability of customers or counterparties to financial instruments to meet contractual obligations | Credit approval and monitoring practices; counterparty credit policies and limits; arrangements with financial institutions | Note 32.5 |
| Liquidity risk | Fluctuations in cash flows | Preparing and monitoring forecasts of cash flows; cash management policies; multiple-year credit and banking facilities | Note 32.6 |

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(₹ in lakhs, unless otherwise stated)

### 32.4 Market risk

The Group's financial instruments are exposed to market rate changes. The Group is exposed to the following significant market risks:

- Foreign currency risk
- Interest rate risk
- Other price risk

Market risk exposures are measured using sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which these risks are being managed and measured.

#### 32.4.1 Foreign currency risk management

The Group is exposed to foreign exchange risk on account of following:

1. Nutrient and other allied business has foreign exchange exposure for its imports of raw materials, intermediates and traded goods.
2. Crop Protection segment has foreign exchange exposure on both exports of finished goods and imports of raw materials, intermediates and traded goods.
3. Foreign currency borrowings in the form of external commercial borrowings, buyers credit, Foreign Currency Non-Repatriable (B) loans (FCNRB), packing credit etc. availed for meeting its funding requirements.

The Group has a forex policy in place whose objective is to mitigate foreign exchange risk by deploying the appropriate hedging strategies through combination of various hedging instruments such as foreign currency forward contracts, options contracts and has a dedicated forex desk to monitor the currency movement and respond swiftly to market situations. The Group follows netting principle for managing the foreign exchange exposure for each operating segment.

The Group had entered into the swap contracts to hedge the currency risks on the external commercial borrowings. There are no long-term borrowings outstanding as on 31 March 2017.

**a. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities based on gross exposure at the end of the reporting period is as under:**

| Currency | Liabilities | | | Assets | | |
|---|---|---|---|---|---|---|
| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| USD (millions) | 454.81 | 573.39 | 573.58 | 33.19 | 25.34 | 25.77 |
| INR (₹ in lakhs) | 2,94,964 | 3,79,925 | 3,58,512 | 21,520 | 16,788 | 16,105 |
| EURO (millions) | 0.03 | 0.05 | 0.03 | 0.08 | 0.08 | 0.01 |
| INR (₹ in lakhs) | 23 | 37 | 17 | 56 | 57 | 4 |

The foreign currency risk on above exposure is mitigated by derivative contracts. The outstanding contracts as at the Balance Sheet date are as follows:

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(₹ in lakhs, unless otherwise stated)

b. Foreign currency forward, option contracts and currency and interest rate swaps outstanding as at the Balance Sheet date:

| | As at 31 March 2017 | | As at 31 March 2016 | | As at 1 April 2015 | |
|---|---|---|---|---|---|---|
| | Buy | Sell | Buy | Sell | Buy | Sell |
| **Forward contracts** | | | | | | |
| USD (millions) | 241.78 | 40.05 | 388.05 | 22.00 | 408.47 | 29.72 |
| INR (₹ in lakhs) | 1,56,803 | 25,971 | 2,57,124 | 14,575 | 2,55,315 | 18,576 |
| Number of contracts | 76 | 27 | 92 | 17 | 113 | 50 |
| **Option contracts** | | | | | | |
| USD (millions) | 93.50 | - | 60.00 | - | 69.00 | - |
| INR (₹ in lakhs) | 60,639 | - | 39,756 | - | 43,128 | - |
| Number of contracts | 16 | - | 11 | - | 11 | - |
| **Currency and interest rate swaps** | | | | | | |
| USD (millions) | - | - | 13.34 | - | 46.67 | - |
| INR (₹ in lakhs) | - | - | 8,839 | - | 29,171 | - |
| Number of contracts | - | - | 3 | - | 8 | - |

The forward and option contracts have been entered into to hedge the foreign exchange risk on purchase of raw materials, stock-in-trade and the related buyer's credit and in certain cases the foreign currency term loan and trade receivables. The swap contracts have been entered into to hedge the currency and interest rate risks on the external commercial borrowings of the Group.

c. Net open exposures outstanding as at the Balance Sheet date:

| | Liabilities | | | Assets | | |
|---|---|---|---|---|---|---|
| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| USD (millions) | 119.53 | 112.00 | 49.44 | - | 3.34 | - |
| INR (₹ in lakhs) | 77,522 | 74,206 | 30,898 | - | 2,213 | - |
| EURO (millions) | 0.03 | 0.05 | 0.03 | 0.08 | 0.08 | 0.01 |
| INR (₹ in lakhs) | 23 | 37 | 17 | 56 | 57 | 4 |

d. Foreign currency sensitivity analysis

The Group is mainly exposed to fluctuations in US Dollar. The following table details the Group's sensitivity to a ₹1 increase and decrease against the US Dollar. ₹1 is the sensitivity used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only net outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a ₹1 change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Rupee strengthens by ₹1 against the US Dollar. For a ₹1 weakening against the US Dollar, there would be a comparable impact on the profit or equity.

| Currency USD impact on: | 2016-17 | 2015-16 | As at 1 April 2015 |
|---|---|---|---|
| Impact of ₹1 strengthening against US Dollar on profit or loss for the year | 794 | 732 | N.A. |
| Impact of ₹1 weakening against US Dollar on profit or loss for the year | (807) | (871) | N.A. |
| Impact of ₹1 strengthening against US Dollar on Equity as at the end of the reporting period | 794 | 732 | 560 |
| Impact of ₹1 weakening against US Dollar on Equity as at the end of the reporting period | (807) | (871) | (604) |

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(₹ in lakhs, unless otherwise stated)

### 32.4.2 Interest rate risk management

The Group issues commercial papers, draws working capital demand loans, avails cash credit, foreign currency borrowings including buyers credit, Foreign Currency Non-Repatriable (B) loans (FCNRB), Packing Credit etc. for meeting its funding requirements.

Interest rates on these borrowings are exposed to change in respective benchmark rates. The Group manages the interest rate risk by maintaining appropriate mix/portfolio of the borrowings.

#### a. Interest rate swap contract

The Group had entered into the swap contracts to hedge the interest rate risks on the external commercial borrowings. Using interest rate swap, Group agrees to exchange floating interest rate in USD to INR fixed rate on agreed notional principal amounts. Such contracts enable the Group to mitigate the interest rate risk. Refer details of the principal and interest rate swaps under Note 32.4.1(b). There are no long-term borrowings outstanding as on 31 March 2017.

#### b. Interest rate sensitivity analysis

The sensitivity analysis below has been determined for borrowings assuming the amount of borrowings outstanding at the end of the reporting period was outstanding for the whole year. A 10 basis points increase or decrease in case of foreign currency borrowings and 50 basis points increase or decrease in case of rupee borrowings is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rate had been 10 basis points higher/ lower in case of foreign currency borrowings and 50 basis points higher/ lower in case of rupee borrowings and all other variables were held constant, the Group's profit for the year ended 31 March 2017 would decrease/ increase by ₹545 lakhs (31 March 2016: ₹570 lakhs)

### 32.4.3 Other price risks

The Group is exposed to equity price risks arising from equity investments. Certain of the Company's equity investments are held for strategic rather than trading purposes. The Company also holds certain other equity investments for trading purposes.

#### a. Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower other comprehensive income/ equity for the year ended 31 March 2017 would increase/ decrease by ₹1,201 Lakhs (₹1,496 Lakhs for the year ended 31 March 2016) as a result of the changes in fair value of equity investments measured at FVTOCI. The impact of change in equity price on profit or loss is not significant

## 32.5 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to the customer credit risk management. The Group uses financial information and past experience to evaluate credit quality of majority of its customers and individual credit limits are defined in accordance with this assessment. Outstanding receivables and the credit worthiness of its counterparties are periodically monitored and taken up on case to case basis. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions representing large number of minor receivables operating in independent markets.

The credit risk on cash and bank balances, derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

### 32.6 Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 32.8 sets out details of additional undrawn facilities that the Company has at its disposal to reduce liquidity risk.

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31 March 2017:

| | Carrying amount | upto 1 year | 1-3 year | More than 3 year | Total contracted cash flows |
|---|---|---|---|---|---|
| Accounts payable and acceptances | 2,93,454 | 2,94,187 | - | - | 2,94,187 |
| Borrowings and interest thereon* | 2,22,988 | 2,24,476 | - | - | 2,24,476 |
| Other financial liabilities** | 23,753 | 23,633 | - | 1,500 | 25,133 |
| Foreign currency forward contracts, option contracts and interest and currency swaps | 7,334 | 7,334 | - | - | 7,334 |
| **Total** | **5,47,529** | **5,49,630** | **-** | **1,500** | **5,51,130** |

The table below provides details of financial assets as at 31 March 2017:

| | Carrying amount |
|---|---|
| Trade receivables | 1,62,167 |
| Government subsidies receivable | 2,55,703 |
| Loans | 52,225 |
| Other financial assets | 2,427 |
| **Total** | **4,72,522** |

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31 March 2016:

| | Carrying amount | upto 1 year | 1-3 year | More than 3 year | Total contracted cash flows |
|---|---|---|---|---|---|
| Accounts payable and acceptances | 3,23,293 | 3,23,987 | - | - | 3,23,987 |
| Borrowings and interest thereon* | 2,67,934 | 2,68,680 | 4,483 | - | 2,73,163 |
| Other financial liabilities** | 24,029 | 23,921 | - | 1,500 | 25,421 |
| Foreign currency forward contracts, option contracts and interest and currency swaps | 6,041 | 5,988 | 53 | - | 6,041 |
| **Total** | **6,21,297** | **6,22,576** | **4,536** | **1,500** | **6,28,612** |

The table below provides details of financial assets as at 31 March 2016:

| | Carrying amount |
|---|---|
| Trade receivables | 1,64,185 |
| Government subsidies receivable | 2,36,706 |
| Loans | 48,000 |
| Other financial assets | 2,468 |
| **Total** | **4,51,359** |

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(₹ in lakhs, unless otherwise stated)

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 1 April 2015:

| | Carrying amount | upto 1 year | 1-3 year | More than 3 year | Total contracted cash flows |
|---|---|---|---|---|---|
| Accounts payable and acceptances | 2,96,315 | 2,96,719 | - | - | 2,96,719 |
| Borrowings and interest thereon* | 2,34,620 | 2,29,103 | 9,081 | - | 2,38,184 |
| Other financial liabilities** | 33,941 | 33,754 | - | 3,000 | 36,754 |
| Foreign currency forward contracts, option contracts and interest and currency swaps | 2,005 | 1,822 | 183 | - | 2,005 |
| **Total** | **5,66,881** | **5,61,398** | **9,264** | **3,000** | **5,73,662** |

The table below provides details of financial assets as at 1 April 2015:

| | Carrying amount |
|---|---|
| Trade receivables | 1,30,338 |
| Government subsidies receivable | 1,78,940 |
| Loans | 47,000 |
| Other financial assets | 845 |
| **Total** | **3,57,123** |

*Included in Borrowing and interest theron are certain borrowings which are subject to variable interest rates. Amount included in the above maturity analysis assumes interest outflows based on the year end benchmark interest rates, the actual interest rates may differ based on the changes in the benchmark interest rates.

**Other financial liabilities include deposits received from customers amounting to ₹ 10,294 Lakhs (31 March 2016: ₹ 9,811 Lakhs; 1 April 2015: ₹ 9,429 Lakhs). These deposits do not have a contractual re-payment term but are repayable on demand. Since, the Group does not have an unconditional right to defer the payment, these deposits have been classified as current balances. For including these amounts in the above mentioned maturity analysis, the Group has assumed that these deposits, including interest thereon, will be repayable at the end of the reporting period. The actual maturity period for the deposit amount and the interest thereon can differ based on the date on which these deposits are settled to the customers.

### 32.7 Financial guarantee contract

The Company has provided a sponsor guarantee for USD 41.1 million (proportionate to the shareholding of 15%) towards the borrowings of Tunisian Indian Fertilisers S.A. (TIFERT), a company based in Tunisia, manufacturing phosphoric acid. In March 2017, TIFERT has requested reschedulement of installment due to the lenders and delayed the payment. The same was not agreed to by the Lenders and the the acceleration notice was served on TIFERT by lenders on 28 March 2017. The loan instalment was immediately paid on 30 March 2017 by TIFERT however, on 4 April 2017 the lenders followed up with call notice on shareholders towards guaranteed amount (Coromandel's share USD 35.25 million outstanding as on date). The Company alongwith other shareholders of TIFERT are in discussion with the Lenders to resolve the matter with regard to liquidity situation and operational improvements of TIFERT and also to find a solution for meeting the future debt obligations of TIFERT.

Based on communication exchanged with Lenders and operational improvement initiatives taken by TIFERT, the Company reasonably considers that TIFERT would be in a position to meet the debt obligations and it is unlikely that such an event of payment under guarantee amount will arise. The Company's obligation under this financial guarantee if that amount is claimed by the counterparty to the guarantee is subject to a maximum of ₹22,861 Lakhs (31 March 2016: ₹27,233 Lakhs; 1 April 2015: ₹32,346 Lakhs). Carrying amount of the financial guarantee contract in the books is as under:

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Financial guarantee contract | 109 | 219 | 70 |

### 32.8 Financing facilities

The Company has access to financing facilities of which ₹1,79,972 Lakhs (as at 31 March 2016: ₹91,275 Lakhs; as at 1 April 2015: ₹96,660 Lakhs) were unused at the end of the reporting period. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

### 32.9 Fair value measurements

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used):

| Financial assets/financial liabilities | Fair Value as at* | | | Fair value hierarchy | Valuation techniques & key inputs used |
|---|---|---|---|---|---|
| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 | | |
| 1) Foreign currency forward contracts | (3,796) | (5,128) | (860) | Level 2 | Refer Note 3(a) |
| 2) Interest rate swap contracts | - | (60) | (162) | Level 2 | Refer Note 3(a) |
| 3) Currency and interest rate swap contracts | - | 2,835 | 6,908 | Level 2 | Refer Note 3(a) |
| 4) Option contracts | (2,177) | (332) | 184 | Level 2 | Refer Note 3(b) |
| 5) Investments in quoted equity instruments at FVTPL | 25 | 31 | 22 | Level 1 | Refer Note 2 |
| 6) Investments in unquoted venture capital fund at FVTPL | 414 | 471 | 472 | Level 3 | Refer Note 4(a) |
| 7) Investments in quoted equity investments at FVTOCI | 971 | 1416 | 1044 | Level 1 | Refer Note 2 |
| 8) Investments in unquoted equity instruments at FVTOCI | 34,575 | 42,802 | 37,873 | Level 3 | Refer Note 4(b) |
| | 1,179 | 1,525 | 1,525 | Level 3 | Refer Note 4(c) |

*positive value denotes financial asset (net) and negative value denotes financial liability (net)

**Notes:**

1. There were no transfers between Level 1 and 2 in the period.
2. The Level 1 financial instruments are measured using quotes in active market.
3. The following table shows the valuation technique and key input used for Level 2:

| Financial Instrument | Valuation Technique | Key Inputs used |
|---|---|---|
| (a) Foreign currency forward contracts, currency and interest rate swaps | Discounted Cash Flow | Forward exchange rates, contract forward and interest rates, observable yield curves. |
| (b) Option contract not designated in hedge accounting relationships | Black Scholes model | The significant valuation inputs considered are the option exercise price, currency spot rates, tenure, risk-free interest rates and the anticipated volatility in the underlying currency. |

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(₹ in lakhs, unless otherwise stated)

4. The following table shows the valuation technique and key input used for Level 3:

| Financial Instrument | Valuation Technique | Key Inputs used | Sensitivity |
|---|---|---|---|
| (a) Investments in unquoted venture capital fund at FVTPL | Net Asset Value (NAV) method | The Company uses net asset value (NAV) as reported by the venture capital fund for its valuation purpose. | A 10% increase/ decrease in the value of unquoted investments of the fund would increase/ decrease the carrying amount of investment by ₹24 Lakhs (31 March 2016: ₹30 Lakhs; 1 April 2015: ₹26 Lakhs). |
| (b) Investments in unquoted equity instruments at FVTOCI | Discounted Cash Flow Method | Long-term growth rates, taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 2% (as at 31 March 2016: 2%; as at 1 April 2015: 0% to 2%) | If the long-term growth rates used were 100 basis points higher/lower while all the other variables were held constant, the carrying amount would increase/decrease by ₹4,747 lakhs (as at 31 March 2016: ₹3,898 lakhs; as at 1 April 2015: ₹4,639 lakhs) |
| | | Weighted average cost of capital (WACC) as determined ranging from 12% to 15% (as at 31 March 2016: 13% to 15%; as at 1 April 2015: 11% to 15%) | A 100 basis points increase/decrease in the WACC or discount rate used while holding all other variables constant would decrease/ increase the carrying amount by ₹5,167 lakhs (as at 31 March 2016: ₹5,031 lakhs; as at 1 April 2015: ₹6,109 lakhs) |
| (c) Investments in unquoted equity instruments at FVTOCI | Market Multiple Approach | Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries, ranging from 30% to 50% (as at 31 March 2016: 30% to 50%; as at 1 April 2015: 30% to 50%) | A 10% increase/ decrease in the discount for lack of marketability used in isolation would decrease/increase the carrying amount by ₹58 lakhs (as at 31 March 2016: ₹Nil; as at 1 April 2015: ₹71 lakhs) |

**Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)**

| | Fair value hierarchy | As at 31 March 2017 | | As at 31 March 2016 | | As at 1 April 2015 | |
|---|---|---|---|---|---|---|---|
| | | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial assets** | | | | | | | |
| Financial assets at amortised cost: | | | | | | | |
| - Trade receivables | Level 2 | 1,62,167 | 1,62,167 | 1,64,185 | 1,64,185 | 1,30,338 | 1,30,338 |
| - Government subsidies receivable | Level 2 | 2,55,703 | 2,55,703 | 2,36,706 | 2,36,706 | 1,78,940 | 1,78,940 |
| - Cash and cash equivalents | Level 2 | 14,671 | 14,671 | 17,448 | 17,448 | 20,882 | 20,882 |
| - Bank balances other than cash and cash equivalents | Level 2 | 2,112 | 2,112 | 2,330 | 2,330 | 10,105 | 10,105 |
| - Loans | Level 2 | 52,225 | 52,225 | 48,000 | 48,000 | 47,000 | 47,000 |
| - Other financial assets | Level 2 | 2,427 | 2,427 | 2,468 | 2,468 | 845 | 845 |

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| | Fair value hierarchy | As at 31 March 2017 | | As at 31 March 2016 | | As at 1 April 2015 | |
|---|---|---|---|---|---|---|---|
| | | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial liabilities** | | | | | | | |
| Financial liabilities at amortised cost: | | | | | | | |
| - Borrowings | Level 2 | 2,22,838 | 2,22,838 | 2,67,670 | 2,67,670 | 2,34,523 | 2,34,523 |
| - Trade payables | Level 2 | 2,93,454 | 2,93,454 | 3,23,293 | 3,23,293 | 2,96,315 | 2,96,315 |
| - Other financial liabilities | Level 2 | 24,012 | 24,048 | 24,512 | 24,514 | 34,108 | 34,238 |

1. In case of trade receivables, government subsidies receivables, cash and cash equivalents, trade payables, borrowings and other financial assets and liabilities it is assessed that the fair values approximate their carrying amounts largely due to the short-term maturities of these instruments.

2. The fair values of the financial assets and financial liabilities included above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

**Reconciliation of Level 3 fair value measurements for the year ended 31 March 2017:**

| | Investments in unquoted venture capital fund at FVTPL | Investments in unquoted equity instruments at FVTOCI | Total |
|---|---|---|---|
| Opening balance | 471 | 44,327 | 44,798 |
| Total gains or losses: | | | |
| - in profit or loss | 23 | - | 23 |
| - in other comprehensive income | - | (8,238) | (8,238) |
| Exchange differences | - | (335) | - |
| Purchases | - | - | - |
| Sold | (80) | - | (80) |
| **Closing balance** | **414** | **35,754** | **36,503** |

**Reconciliation of Level 3 fair value measurements for the year ended 31 March 2016:**

| | Investments in unquoted venture capital fund at FVTPL | Investments in unquoted equity instruments at FVTOCI | Total |
|---|---|---|---|
| Opening balance | 472 | 39,398 | 39,870 |
| Total gains or losses: | | | |
| - in profit or loss | - | - | - |
| - in other comprehensive income | - | 952 | 952 |
| Exchange differences | - | 1,179 | - |
| Purchases | - | 2,798 | 2,798 |
| Sold | (1) | - | (1) |
| **Closing balance** | **471** | **44,327** | **43,619** |

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## 33 Share based payments

| Particulars | Employee Stock Option Scheme 2007 ('ESOP 2007 Scheme') | Employee Stock Option Scheme 2016 ('ESOP 2016 Scheme'): |
|---|---|---|
| Approval of shareholders | 24 July 2007 | 11 January 2017 |
| Administration | Remuneration and Nomination Committee of the Board of Directors | |
| Eligibility | The committee determines which eligible employees will receive options | |
| Number of equity shares reserved under the scheme | 1,27,85,976 | 1,45,81,000 |
| Number of equity shares per option | 1 | 1 |
| Vesting period | 1-5 years | 1-4 years |
| Exercise period | Within 6* years from date of vesting | Within 5 years from date of vesting |
| Exercise Price Determination | Latest available closing market price of the shares on the stock exchange where there is highest trading volume prior to the date of the Remuneration and Nomination Committee approving the grant. | |

* In partial modification of the special resolution passed for establishing ESOP 2007, the shareholders in their meeting held on 23 July 2012 decided to approve the extension of the exercise period of options granted under the ESOP 2007 from three years to six years.

### 33.1 Employee Stock Option Scheme 2007 ('ESOP 2007 Scheme'):

a) Pursuant to the ESOP 2007 Scheme, the Company granted options which vest over a period of four years commencing from the respective dates of grant. Following are the number of options outstanding during the year:

| | For the year ended 31 March 2017 | | For the year ended 31 March 2016 | |
|---|---|---|---|---|
| | No. of Options | Weighted average exercise price (₹) | No. of Options | Weighted average exercise price (₹) |
| At the beginning of the year | 10,85,924 | 175.64 | 12,12,288 | 174.96 |
| Granted | - | - | - | - |
| Exercised | 3,48,662 | 54.07 | 70,108 | 45.68 |
| Cancelled | 76,080 | 305.46 | 14,424 | 322.76 |
| Lapsed | - | - | 41,832 | 323.03 |
| At the end of the year | **6,61,182** | **224.81** | **10,85,924** | **175.64** |

b) The above outstanding options have been granted in various tranches and have a weighted average remaining life of 0.05 years (2016: 0.50 years; 2015: 1.39 years). The exercise price of the outstanding options range from ₹44.58 to ₹334.35 (2016: ₹44.58 to ₹334.35; 2016: ₹44.58 to ₹334.35). The weighted average share price during the year is ₹ 263 (2016: ₹208).

c) Number of options exercisable at the end of the year 6,61,182 (2016: 10,85,924; 2015: 11,40,168).

d) The fair values of the option with modified terms were determined using a Black Scholes' model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 3-4 years.

Following assumptions were used for calculation of fair value of grants:

| | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|
| Dividend yield (%) | 700 | 700 |
| Expected volatility (%) | 0.39-0.47 | 0.39-0.47 |
| Risk free interest rate (%) | 8 | 8 |
| Expected term (in years) | 4-6 | 4-6 |

### 33.2 Employee Stock Option Scheme 2016 ('ESOP 2016 Scheme'):

a) Pursuant to the ESOP 2016 Scheme, the Company granted options which vest over a period of four years commencing from the respective dates of grant. Following are the number of options outstanding during the year:

| | For the year ended 31 March 2017 | |
|---|---|---|
| | No. of Options | Weighted average exercise price (₹) |
| At the beginning of the year | - | - |
| Granted* | 21,74,500 | 319.65 |
| Exercised | - | - |
| Cancelled | - | - |
| Lapsed | - | - |
| At the end of the year | 21,74,500 | 319.65 |

*the weighted average fair value of options granted during the year is ₹118.53

b) The above outstanding options have been granted in various tranches and have a weighted average remaining life of 5.1 years. The weighted average share price during the year is ₹263.

c) Number of options exercisable at the end of the year Nil.

d) The fair values of the option were determined using a Black Scholes' model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 5-6 years.

Following assumptions were used for calculation of fair value of grants:

| | For the Year ended 31 March 2017 |
|---|---|
| Dividend yield (%) | 400 |
| Expected volatility (%) | 0.32 |
| Risk free interest rate (%) | 7.0 |
| Expected term (in years) | 5-6 |

### 33.3 Share based payments

The Group recorded employee share based payments of ₹169 lakhs (2016: ₹8 lakhs) under 'Employee benefits expense'.

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## 34 Employee benefits plan

a) Defined benefit plans

(₹ in Lakhs)

| | Gratuity plan | |
|---|---|---|
| | 2016-2017 | 2015-2016 |
| **Change in Defined Benefit Obligation (DBO) during the year** | | |
| Present value of DBO at the beginning of the year | 4,131 | 3,863 |
| Current service cost | 404 | 385 |
| Interest cost | 308 | 288 |
| Actuarial loss arising from changes in financial assumptions | 180 | - |
| Actuarial loss arising from changes in experience adjustments | 143 | 110 |
| Benefits paid | (553) | (515) |
| **Present value of DBO at the end of the year** | **4,613** | **4,131** |
| **Change in fair value of plant assets during the year** | | |
| Fair value of plan assets at the beginning of the year | 3,583 | 3,754 |
| Interest income | 316 | 293 |
| Employer contributions | 944 | 123 |
| Benefits paid | (553) | (515) |
| Remeasurements - return on plan assets (excluding interest income) | 20 | (73) |
| **Present value of DBO at the end of the year** | **4,309** | **3,583** |
| **Amounts recognised in the Balance Sheet** | | |
| Present value of DBO at the end of the year | 4,613 | 4,131 |
| Fair value of plan assets at the end of the year | 4,309 | 3,583 |
| **Funded status of the plans - liability** | **304** | **548** |
| **Liability recognised in the Balance Sheet** | **304** | **548** |
| **Components of employer expense** | | |
| Current service cost | 404 | 385 |
| Interest cost/ (income) on net defined benefit obligation | (7) | (5) |
| **Expense recognised in Statement of Profit and Loss** | **397** | **380** |
| **Remeasurement on the net defined benefit obligation** | | |
| Return on plan assets (excluding interest income) | (20) | 73 |
| Actuarial loss arising from changes in financial assumptions | 180 | - |
| Actuarial loss arising from changes in experience adjustments | 143 | 110 |
| **Remeasurements recognised in other comprehensive income** | **303** | **183** |
| **Total defined benefit cost recognised** | **700** | **563** |
| **Nature and extent of investment details of the plan assets#** | | |
| State and Central Securities | - | - |
| Bonds | - | 3.30% |
| Special deposits | - | - |
| Insurer managed funds | 100% | 96.70% |

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

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Employee who has completed five years of service is entitled to specific benefit depending on the employee's length of service and salary at retirement or relieving age. The fund has the form of trust and it is governed by the Board of Trustees which consists of employer and employee representatives. The Board of Trustees is responsible for the administration of plan assets.

The Board of Trustees reviews the level of funding and asset-liability matching strategy in the gratuity plan to keep the scheme adequately funded for settlement of obligations under the plan.

Gratuity for employees is covered under a scheme of Life Insurance Corporation of India (LIC) which is basically a year-on-year cash accumulation plan. As part of the scheme the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance company, as part of the policy rules, makes payment of all gratuity settlements during the year subject to sufficiency of funds under the policy.

| | Gratuity plan | | |
|---|---|---|---|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| **Assumptions** | | | |
| Discount rate | 7.25% | 8% | 8% |
| Estimated rate of return on plan assets | 8% | 8% | 8% |
| Expected rate of salary increase | 5-7% | 5-7% | 5-7% |
| Attrition rate | 5% | 5% | 5% |
| **Sensitivity analysis – DBO at the end of the year** | | | **(₹ in lakhs)** |
| Discount rate + 100 basis points | 4,372 | 3,928 | 3,673 |
| Discount rate - 100 basis points | 4,885 | 4,365 | 4,082 |
| Salary increase rate +1% | 4,856 | 4,343 | 4,039 |
| Salary increase rate -1% | 4,393 | 3,945 | 3,708 |
| Attrition rate +1% | 4,629 | 4,159 | 3,888 |
| Attrition rate -1% | 4,596 | 4,108 | 3,841 |

| | Gratuity plan | | |
|---|---|---|---|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| **Weighted average duration of DBO** | 11 years | 11 years | 11 years |
| **Expected cash flows** | | | |
| 1. Expected employer contribution in the next year | 850 | 880 | 889 |
| 2. Expected benefit payments | | | |
| Year 1 | 758 | 782 | 822 |
| Year 2 | 552 | 566 | 523 |
| Year 3 | 568 | 472 | 479 |
| Year 4 | 511 | 475 | 359 |
| Year 5 | 434 | 417 | 359 |
| Beyond 5 years | 1,316 | 1,248 | 1,135 |

### b) Defined contribution plans

In respect of the defined contribution plans, an amount of ₹1,740 lakhs (2016: ₹1,578 lakhs) has been recognised as an expense in the Statement of Profit and Loss during the year.

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## 35 Earnings per share

| | | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|---|
| i) Profit after tax (₹ in lakhs) | [a] | 47,696 | 35,744 |
| **Basic** | | | |
| ii) Weighted average number of equity shares of ₹1/- each outstanding during the year | [b] | 29,15,25,662 | 29,12,78,954 |
| **Dilution** | | | |
| iii) Effect of potential equity shares on employees stock options outstanding | | 2,83,320 | 422,609 |
| iv) Weighted average number of equity shares of ₹1/- each outstanding during the year | [c] | 29,18,08,982 | 29,17,01,563 |
| **Earnings Per Share (face value of ₹1/- each)** | | | |
| v) Basic - [a]/[b] - (₹) | | 16.36 | 12.27 |
| vi) Diluted - [a]/[c] - (₹) | | 16.34 | 12.25 |

## 36 Contingent liabilities (to the extent not provided for)

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

(₹ in Lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| In respect of matters under dispute: | | | |
| Excise duty | 628 | 1,819 | 7,491 |
| Customs duty | 397 | 372 | 372 |
| Sales tax | 1,543 | 1,401 | 1,291 |
| Income tax | 2,084 | 764 | 838 |
| Service tax | 214 | 220 | 161 |
| Others | 1,956 | 1,380 | 1,194 |

The amounts disclosed above represent our 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.

## 37 Commitments

### a) Capital commitments

(₹ in Lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Capital expenditure commitments | 2,797 | 1,310 | 2,559 |
| Commitment towards investments | 332 | 732 | 1,132 |

### b) Other commitments

(i) Maximum obligation on long term lease of land - ₹1,343 lakhs (2016: ₹370 lakhs; 2015: ₹378 lakhs).

## 38 Leases

The Group has entered into certain operating lease agreements and an amount of ₹3,702 lakhs (2016: ₹2,809 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.

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## 39 Corporate social responsibility

Expenses incurred on Corporate Social Responsibility (CSR) programs under Section 135 of the 2013 Act are charged to the Statement of Profit and Loss under 'Other expenses' (Note 32) ₹1,063 lakhs (2016: ₹1,033 lakhs) and under 'Employee benefits expense' (Note 23) ₹33 lakhs (2016: ₹42 lakhs).

## 40 Research and development expenses incurred on the following heads have been accounted under the natural heads:

(₹ in Lakhs)

| | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|
| Salaries, wages and bonus | 521 | 526 |
| Contribution to provident and other funds | 45 | 49 |
| Consumption of stores and spare parts | 11 | 60 |
| Power and fuel | 13 | 27 |
| Repairs to machinery | 44 | 68 |
| Miscellaneous expenses | 95 | 79 |
| | **730** | **809** |

## 41 Related party disclosures

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

| Names | Nature of relationship |
|---|---|
| E.I.D.-Parry (India) Limited | Parent company |
| Sabero Organics Philippines Asia Inc. | Associate |
| Parry Infrastructure Company Private Limited (PICPL) | Fellow subsidiary |
| Parry Sugar Industries Limited (PSIL) | Fellow subsidiary |
| Coromandel Getax Phosphates Pte Limited (CGPL) | Joint venture (Upto 8 September 2016) |
| Coromandel SQM (India) Pvt Limited (CSQM) | Joint venture |
| Yanmar Coromandel Agrisolutions Private Limited (YCAS) | Joint venture |
| Parry Enterprises (India) Limited (PEIL) | Associate of parent company |
| Coromandel Provident Fund | Employee benefit plan |
| Coromandel Provident Fund No. 1 | Employee benefit plan |
| CFL Gratuity Fund | Employee benefit plan |
| Coromandel Gratuity Fund - I | Employee benefit plan |
| Coromandel Gratuity Fund - II | Employee benefit plan |
| Coromandel Management Staff Pension Fund | Employee benefit plan |
| Coromandel Superannuation Fund | Employee benefit plan |
| Coromandel Benevolent Fund | Employee benefit plan |
| Mr. Sameer Goel | Key management personnel (joined w.e.f 1 October 2015 as Managing Director) |
| Mr. Govindarajan S | Key management personnel (w.e.f 1 August 2015 to 30 September 2015 - Manager under the Companies Act, 2013) |
| Mr. V. Ramesh | Key management personnel of Parent company |

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

(₹ in Lakhs)

| | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|
| i) Sale of finished goods/raw materials/services | | |
| a) Parent company | - | - |
| b) Joint venture - CSQM | 325 | 129 |
| ii) Rent received | | |
| a) Fellow subsidiary - PICPL | 95 | 147 |
| b) Joint venture - CSQM | 16 | 13 |
| c) Associate - PEIL | 6 | 6 |
| iii) Expenses reimbursed by | | |
| a) Parent company | 1 | 1 |
| b) Joint venture - CSQM | 3 | 4 |
| c) Joint venture - YCAS | * | - |
| d) Associate - PEIL | 2 | 1 |
| iv) Purchase of finished goods and services | | |
| a) Parent company | 1,527 | 1,125 |
| b) Joint venture - CSQM | 2,911 | 2,175 |
| c) Associate - PEIL | 644 | 725 |
| v) Commission on sales | | |
| a) Associate - Sabero Philippines | 12 | - |
| vi) Expenses reimbursed to | | |
| a) Parent company | 311 | 248 |
| b) Joint venture - YCAS | - | 1 |
| vii) Investment made in equity shares of | | |
| a) Joint venture - YCAS | 400 | 400 |
| viii) Purchase of assets and spares | | |
| a) Joint venture - YCAS | 124 | 154 |
| ix) Dividend paid (including interim dividend payable) | | |
| a) Parent company | 7,086 | 4,429 |
| x) Rent paid | | |
| a) Parent company | 6 | 20 |
| b) Joint venture - YCAS | 2 | - |
| xi) Deposit paid and received back | | |
| a) Parent company | 2 | - |
| b) Joint venture - CSQM | 1 | - |
| xii) Refund of security deposit | | |
| a) Subsidiary - PICPL | - | 1,500 |

*less than a lakh

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

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**(C) Transactions with key management personnel**

a) Dividends paid to directors during the year ended 31 March 2017 ₹16 lakhs (2016: ₹7 lakhs).

b) Compensation of key management personnel of the Company:

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

(₹ in Lakhs)

| | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|
| Short-term employee benefits | 371 | 196 |
| Others* | 264 | 269 |
| **Total compensation** | **635** | **465** |

*excludes service tax

c) During the year, the Company has granted 6,56,900 employee stock options under the ESOP 2016 scheme to Mr. Sameer Goel.

**(D)** Refer Note 34 for transactions with Employee benefit funds.

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

(₹ in Lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| a) Trade receivables/Loans and advances | | | |
| - Parent company | 297 | 227 | - |
| - Joint venture - YCAS | - | - | 29 |
| - Fellow subsidiary - PSIL | 91 | * | 6 |
| - Fellow subsidiary - PICPL | 98 | 35 | 464 |
| - Associate - PEIL | - | - | 11 |
| - Associate - Sabero Philippines | 5 | 6 | 6 |
| b) Trade payables/ Other liabilities | | | |
| - Parent company | - | - | 3,624 |
| - Joint venture - CSQM | 1,522 | 1,205 | 632 |
| - Fellow subsidiary - PICPL | 1,859 | 1,500 | 3,000 |
| - Joint venture - YCAS | 1 | 2 | - |
| - Associate - PEIL | 56 | 13 | - |

*less than a lakh

## 42 Exceptional item

During the year ended 31 March 2016, in respect of the 'Hudhud' cyclone which impacted the Group's operations at Visakhapatnam in the earlier years, the Group has recognised the business interruption claim amounting to ₹2,500 lakhs received from the Insurance company.

# Consolidated Notes
(Contd.)

**43 Financial information in respect of joint ventures and associates that are not individually material:**

a. Joint ventures

(₹ in Lakhs)

| | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|
| Group's share of profit/ (loss) | (71) | (218) |
| Group's share of other comprehensive income | * | * |
| Group's share of total comprehensive income | (71) | (218) |

| | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 |
|---|---|---|---|
| Aggregate carrying amount of the Group's interests in these joint ventures | 1,680 | 1,466 | 1,291 |

b. Associates

(₹ in Lakhs)

| | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|
| Group's share of profit/ (loss) | * | * |
| Group's share of other comprehensive income | * | * |
| Group's share of total comprehensive income | * | * |

| | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 |
|---|---|---|---|
| Aggregate carrying amount of the Group's interests in these joint ventures | * | * | * |

*less than a lakh

**44 Payments to Auditors of the Company**

(₹ in Lakhs)

| | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|---|---|---|
| Audit fees | 55 | 55 |
| Tax audit fees | 12 | 12 |
| Limited reviews | 24 | 24 |
| Certifications | 70 | 70 |
| Other services | 10 | - |
| Reimbursement of expenses | 3 | 3 |
| **Total** | **174** | **164** |

Note: Amounts given above excludes service tax

**45** During the year, the Group has made political donation of ₹100 lakhs to Triumph Electoral Trust (2016: Nil)

# Consolidated Notes
(Contd.)

**46** Statement of Specified Bank Notes (SBN) held and transacted during the period 8 November 2016 to 30 December 2016:

(₹ in Lakhs)

| | SBN | Other denomination notes | Total |
|---|---|---|---|
| Closing cash in hand as on 8 November 2016 | 269 | 29 | 298 |
| Add: Permitted receipts* | 330 | 6,506 | 6,836 |
| Less: Permitted payments | - | 12 | 12 |
| Less: Cash deposits during the period 9 November 2016 till 30 December 2016 | 599 | 6,276 | 6,876 |
| Closing cash in hand as on 30 December 2016 | - | 247 | 247 |

* Permitted receipts includes certain amounts collected as per the Memo No. 11/Agri-11/2016-1 dated 15 November 2016 issued by the Agriculture & Cooperation (Agri-II) Department, Government of Andhra Pradesh.

**47** 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 reporting date are furnished below:

(₹ in Lakhs)

| Sl. No. | Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| (i) | Principal amount due to suppliers under MSMED Act, as at the end of the year | 656 | 421 | 310 |
| (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.

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

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

(₹ in lakhs, unless otherwise stated)

| Name of the Company | Relationship | Country of incorporation | Percentage of voting power as at 31 March 2017 | Net assets | | Share in profit/(loss) | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 31-Mar-17 | | 31-Mar-17 | | 31-Mar-17 | | 31-Mar-17 | |
| | | | | % of consolidated net assets | Amount in lakhs | % of consolidated profit/(loss) | Amount in lakhs | % of consolidated other comprehensive income | Amount in lakhs | % of consolidated total comprehensive income | Amount in lakhs |
| Coromandel International Limited* | Parent | India | | 92% | 2,66,171 | 100% | 47,732 | 38% | (3,155) | 113% | 44,577 |
| Liberty Pesticides and Fertilisers Limited (LPFL) | Subsidiary | India | 100 | * | 242 | * | 12 | * | - | * | 12 |
| Sabero Organics America S.A. (SOAL) | Subsidiary | Brazil | 99.98 | * | 324 | * | (11) | * | 37 | * | 26 |
| Sabero Australia Pty Limited, Australia (Sabero Australia) | Subsidiary | Australia | 100 | * | (3) | * | 30 | * | (23) | * | 7 |
| Sabero Europe B.V. (Sabero Europe) | Subsidiary | Netherlands | 100 | * | (2) | * | - | * | - | * | - |
| Sabero Argentina S.A. (Sabero Argentina) | Subsidiary | Argentina | 95 | * | 1 | * | 1 | * | - | * | 1 |
| Coromandel Agronegocios de Mexico, S.A de C.V (Coromandel Mexico) | Subsidiary | Mexico | 100 | * | 113 | * | 38 | * | (18) | * | 20 |
| Parry Chemicals Limited (PCL) | Subsidiary | India | 100 | 1% | 1,593 | * | 34 | * | - | * | 34 |
| Dare Investments Limited (DIL) | Subsidiary | India | 100 | * | 868 | * | (1) | 4% | (354) | -1% | (355) |
| CFL Mauritius Limited (CML) | Subsidiary | Mauritius | 100 | 6% | 18,204 | * | (24) | 58% | (4,820) | -12% | (4,844) |
| Coromandel Brasil Limitada (CBL), Limited Liability Partnership | Subsidiary | Brazil | 100 | * | (114) | * | (44) | * | (9) | * | (53) |
| Coromandel Getax Phosphates Pte Limited, (CGPL) | Joint venture | Singapore | 50 | * | - | * | - | * | - | * | - |
| Coromandel SQM (India) Private Limited (CSQM) | Joint venture | India | 50 | * | 955 | * | 177 | * | - | * | 177 |
| Yanmar Coromandel Agrisolutions Private Limited (YCAS) | Joint venture | India | 40 | * | 725 | (1)% | (248) | * | - | (1)% | (248) |
| **Total** | | | | | **2,89,077** | | **47,696** | | **(8,342)** | | **39,354** |

*less than 1%

The above excludes Sabero Organics Philippines Asia Inc., an Associate for which no operations have commenced.

**b.** In respect of CML, SOAL, Coromandel Mexico, CBL and Sabero Argentina the financial year is from 1 January 2016 to 31 December 2016 and accordingly audited financial statements are available up to 31 December 2016. 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 Sabero Europe the financial year is from 1 June 2016 to 31 May 2017 however audited financial statements for the period 1 April 2016 to 31 March 2017 has been considered for the purpose of preparation of consolidated financial statements.

# Consolidated Notes
(Contd.)

## 49. Transition to Ind-AS

**The effect of the Group's transition to Ind AS is summarized as follows:**

(i) Transition election

(ii) Reconciliation of equity as previously reported under Indian GAAP to Ind-AS

(iii) Reconciliation of profit or loss as previously reported under Indian GAAP to Ind-AS

(iv) Reconciliation of other comprehensive income as previously reported under Indian GAAP to Ind-AS

(v) Adjustments to the statement of cash flows

### (i) Transition election

The Group has prepared the opening Balance Sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Group as detailed below:

| | Note |
|---|---|
| Share-based payment transactions | 1 |
| Investments in subsidiaries, joint controlled entities and associates in separate financial statements | 2 |
| Designation of equity investments at FVTOCI | 3 |
| Derecognition of financial assets and financial liabilities | 4 |
| Business combinations | 5 |
| Accounting for Joint Ventures | 6 |

1. In accordance with Ind-AS transitional provisions, Ind AS 102 Share-based Payment has not been applied to employee stock options that have vested before the transition date.

2. In accordance with Ind-AS transitional provisions, the Group opted to consider previous GAAP carrying value of investments as deemed cost on transition date for investments in subsidiaries, joint ventures and associates in separate financial statement.

3. The Group has designated investment in following equity investment at FVTOCI on the basis of facts and circumstances that existed at the transition date:
   - Tunisian Indian Fertilisers S.A.
   - Nandesari Environment Control Limited
   - Ranar Agrochem Limited (formerly Prathyusha Chemicals and Fertilisers Limited)
   - Indian Potash Limited
   - Foskor (Pty) Limited
   - Murugappa Management Services Limited
   - Bharuch Enviro Infrastructure Limited
   - Narmada Clean Tech
   - A.P. Gas Power Corporation Limited
   - Coromandel Engineering Company Limited

4. The Group has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April 2015 (the transition date).

5. The Group has elected not to apply Ind AS 103 Business Combinations retrospectively to business combinations that occurred before the date of transition.

# Consolidated Notes

(Contd.)

(₹ in lakhs, unless otherwise stated)

6. The Group accounted following investments using the proportionate consolidation method under previous GAAP whereas it needs to be accounted using the equity method under Ind AS.

- Yanmar Coromandel Agrisolutions Private Limited
- Coromandel SQM (India) Private Limited
- Coromandel Getax Phosphates Pte Limited

As required by Ind AS 101, the Group has on the date of transition, recognised investments in joint ventures by measuring it at the aggregate of the carrying amount of the assets and liabilities that the Group had proportionately consolidated under previous GAAP as of the date of transition. This revised investment amount has been deemed to be the cost of investment at initial recognition and accounted using the equity method in accordance with Ind AS 28.

The break-down of the assets and liabilities of these joint ventures that have been aggregated into the single line investment balance at the transition date is below:

| | As at 1 April 2015 |
|---|---|
| Non-current assets | 361 |
| Current assets | 2,115 |
| Non-current liabilities | 29 |
| Current liabilities | 966 |

**(ii) Reconciliation of equity as previously reported under Indian GAAP to Ind-AS**

| | Note | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **Equity as reported under IGAAP** | | **2,42,489** | **2,20,201** |
| Effect of measuring derivatives at fair value | i | (247) | 152 |
| Proposed dividend and related distribution tax | ii | 14,025 | 8,763 |
| Recognition of borrowings using effective interest rate | iii | 11 | 49 |
| Effect of discounting of long term liabilities | iv | 324 | 575 |
| Effect of measuring investments at fair value through OCI | v | 7,348 | 5,727 |
| Effect of measuring ESOPs at fair value | x | 3 | (6) |
| Effect of alignment of revenue recognition practise | vii | (634) | (431) |
| Effect of change in depreciation recognised as change in estimate | viii | - | (810) |
| Effect of measuring guarantees issued at fair value | ix | (219) | (70) |
| Deferred tax on GAAP adjustments | xii | 296 | (249) |
| **Equity as reported under Ind-AS** | | **2,63,396** | **2,33,901** |

(₹ in lakhs, unless otherwise stated)

### (iii) Reconciliation of profit or loss as previously reported under Indian GAAP to Ind-AS

| | Note | For the year ended 31 March 2016 |
|---|---|---|
| **Profit as reported under IGAAP** | | **36,098** |
| a. Increase (decrease) in net income for: | | |
| Effect of measuring derivatives at fair value through profit and loss | i | (399) |
| Effect of measuring investments at fair value through profit and loss | vi | 9 |
| Effect of alignment of revenue recognition practise | vii | (203) |
| Recognition of borrowings using effective interest rate | iii | (38) |
| Effect of measuring ESOPs at fair value | x | (8) |
| Effect of measuring guarantees issued at fair value | ix | 109 |
| Effect of discounting of long term liabilities | iv | (251) |
| Actuarial (gain)/ loss on defined benefit obligation recognised in other comprehensive income | xi | 183 |
| Deffered tax adjustments | xii | 244 |
| **Profit as reported under Ind AS** | | **35,744** |

### (iv) Reconciliation of other comprehensive income as previously reported under Indian GAAP to Ind-AS

| | Note | For the year ended 31 March 2016 |
|---|---|---|
| **Comprehensive Income as reported under IGAAP** | | - |
| Effect of measuring investments at FVTOCI | v | 1,582 |
| Exchange differences on translation of foreign operations | | 754 |
| Deferred tax adjustment of GAAP adjustments | xii | 580 |
| Guarantees issued recognized at fair value | ix | (258) |
| Employee benefits - actuarial gains and losses | xi | (183) |
| **Comprehensive Income as reported under Ind AS** | | **2,475** |

**Notes:**

i. Under Ind AS, derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately. Under Indian GAAP, foreign exchange forward contracts were restated and premium or discount associated with such instruments were recorded as exchange differences over the period of the contract. In respect of currency options/ swap contracts outstanding as at the Balance Sheet date were marked to market and net loss was charged to profit or loss.

ii. Under Indian GAAP, dividends on equity shares recommended by the Board of Directors after the end of the reporting period but before the financial statements were approved for issue were recognised in the financial statements as a liability. Under Ind AS, such dividends along with the dividend distribution tax thereon are recognised as a liability when declared/ approved by the members in a general meeting.

iii. Under Indian GAAP, transaction costs incurred in connection with borrowings are charged upfront to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

# Consolidated Notes
(Contd.)

iv. Under Indian GAAP, long-term financial liabilities such as interest free deposit received on lease of land were recognised at the contractual amount and were not discounted. Under Ind AS, where the effect of time value of money is material, the amount of liability should be recognised at the present value of amount expected to settle the liability. These liabilities are subsequently measured at amortised cost using the effective interest method.

v. Under Indian GAAP, the Group accounted for long-term strategic investments in unquoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Group has designated such investments as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value with subsequent changes to be recognised in a separate component of equity. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised as a separate component of equity, in the FVTOCI reserve, net of related deferred taxes.

vi. Under Indian GAAP, the Group accounted for certain investments in quoted equity shares as investment measured at lower of cost and fair value. Under Ind AS, the Group has designated such investments as FVTPL.

vii. Under Ind-AS, cash discounts are considered part of the overall consideration receivable and is recognized on an estimated basis at the time of sales. Under Indian GAAP cash discounts are recognized at the time of collection from debtors.

viii. As per the transitional provisions prescribed in Schedule II to the Act, the Group had fully depreciated the carrying value of components, net of residual value, where the remaining life of the component was determined to be Nil as on the date of transition (1 April 2015) and has adjusted an amount of ₹531 lakhs (net of deferred tax of ₹279 lakhs) against the opening retained earnings.

ix. Under Ind AS, financial guarantee contracts are accounted as financial liabilities and measured at fair value at inception and subsequently measured at the higher of the amortised value or the obligation amount in case it is probable that the guarantee amount is payable. Accordingly, ₹219 lakhs as at 31 March 2016 (2015: ₹70 lakhs) has been recognised as a liability with a corresponding charge to profit or loss. The consequential tax effect has also been recognised. Under Indian GAAP, guarantee issued were not recognised in the Balance Sheet unless it is probable that the guarantee amount is payable.

x. Under Indian GAAP, the Group recognised expense for the share based payment plan as per the intrinsic value method. Ind AS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. Share options granted before and still vesting at 1 April 2015 have been recognised as a separate component of equity in share based payment reserve against retained earnings at 1 April 2015.

xi. The Group recognises costs related to its post-employment defined benefit plan on an actuarial basis both under Indian GAAP and Ind AS. Under Indian GAAP, the entire cost including actuarial gains and losses are charged to profit or loss. Under Ind AS, remeasurements are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI.

xii. Consequential deferred tax on all the above adjustments.

# Consolidated Notes
(Contd.)

(v) **Effect of adoption of Ind AS on the Statement of cash flows for the year ended 31 March 2016:**

Following is the impact on cash flows on transition from Indian GAAP to Ind-AS. Cash flows relating to interest are classified in a consistent manner as operating, investing or financing each period.

| | Previous GAAP | Effect of transition to Ind AS | Ind AS |
|---|---|---|---|
| Net cash flows from operating activities | 41,919 | (40,081) | 1,838 |
| Net cash flows from investing activities | (5,550) | (591) | (6,141) |
| Net cash flows from financing activities | (40,077) | 40,925 | 848 |
| **Net increase (decrease) in cash and cash equivalents** | **(3,708)** | **253** | **(3,455)** |
| Cash and cash equivalents at the beginning of the period | 21,653 | (771) | 20,882 |
| Exchange gain on cash and cash equivalents | 21 | - | 21 |
| **Cash and cash equivalents at the end of the period** | **17,966** | **(518)** | **17,448** |

Analysis of cash and cash equivalents as at 31 March 2016 and as at 1 April 2015 for the purpose of statement of cash flows under Ind AS

| | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|
| **Cash and cash equivalents for the purpose of statement of cash flows as per previous GAAP** | **17,966** | **21,653** |
| Cash and cash equivalents of Joint ventures proportionately consolidated under previous GAAP | (518) | (771) |
| **Cash and cash equivalents for the purpose of statement of cash flows as per Ind AS** | **17,448** | **20,882** |

## 50. Approval of financial statements

The financial statements were approved for issue by the Board of Directors on 28 April 2017.

For and on behalf of the Board of Directors

Sameer Goel
Managing Director

A. Vellayan
Chairman

S. Sankarasubramanian
Chief Financial Officer

P. Varadarajan
Company Secretary

Place: Secunderabad
Date: 28 April 2017

# COROMANDEL INTERNATIONAL LIMITED

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

Tel. : +91 40 2784 2034 • E-mail Id : investorsgrievance@coromandel.murugappa.com

CIN No. : L24120TG1961PLC000892

## PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the company : Coromandel International limited

Registered office : Coromandel House, 1-2-10 Sardar Patel Road, Secunderabad-500 003

Name of the Member(s) : .....

Address : .....

E-mail ID : .....

Folio No. / DP ID - Client ID : .....

I/We, being the member(s) holding ..... equity shares of the above named company, hereby appoint

1. Name : .....

   Address : .....

   E-mail Id : .....

   Signature : .....or failing him

2. Name : .....

   Address : .....

   E-mail Id : .....

   Signature : .....or failing him

3. Name : .....

   Address : .....

   E-mail Id : .....

   Signature : .....or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 55th Annual General Meeting of the Company, to be held on Friday, July 28, 2017 at 10.30 a.m. at Hotel Minerva Grand, SD Road, Secunderabad 500 003 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No. | Subject matter of the Resolution |
|---|---|
| 1 | Adoption of Audited Standalone Financial Statements for the financial year ended March 31, 2017, together with the Auditor's report thereon and Reports of the Board of Directors . |
| 2 | Adoption of Audited Consolidated Financial Statements for the financial year ended March 31, 2017, together with the Report of the Auditors thereon. |
| 3 | Declaration of Dividend for the year ended March 31, 2017. |
| 4 | Appointment of Mr. V Ravichandran, as a Director |
| 5 | Ratification of appointment of M/s. Deloitte Haskins & Sells as Statutory Auditors |
| 6 | Appointment of Mrs. Nirupama Rao as an Independent Director |
| 7 | Ratification of payment of Remuneration to Cost Auditors for the year 2017-18 |

Signed this ..... day of July, 2017

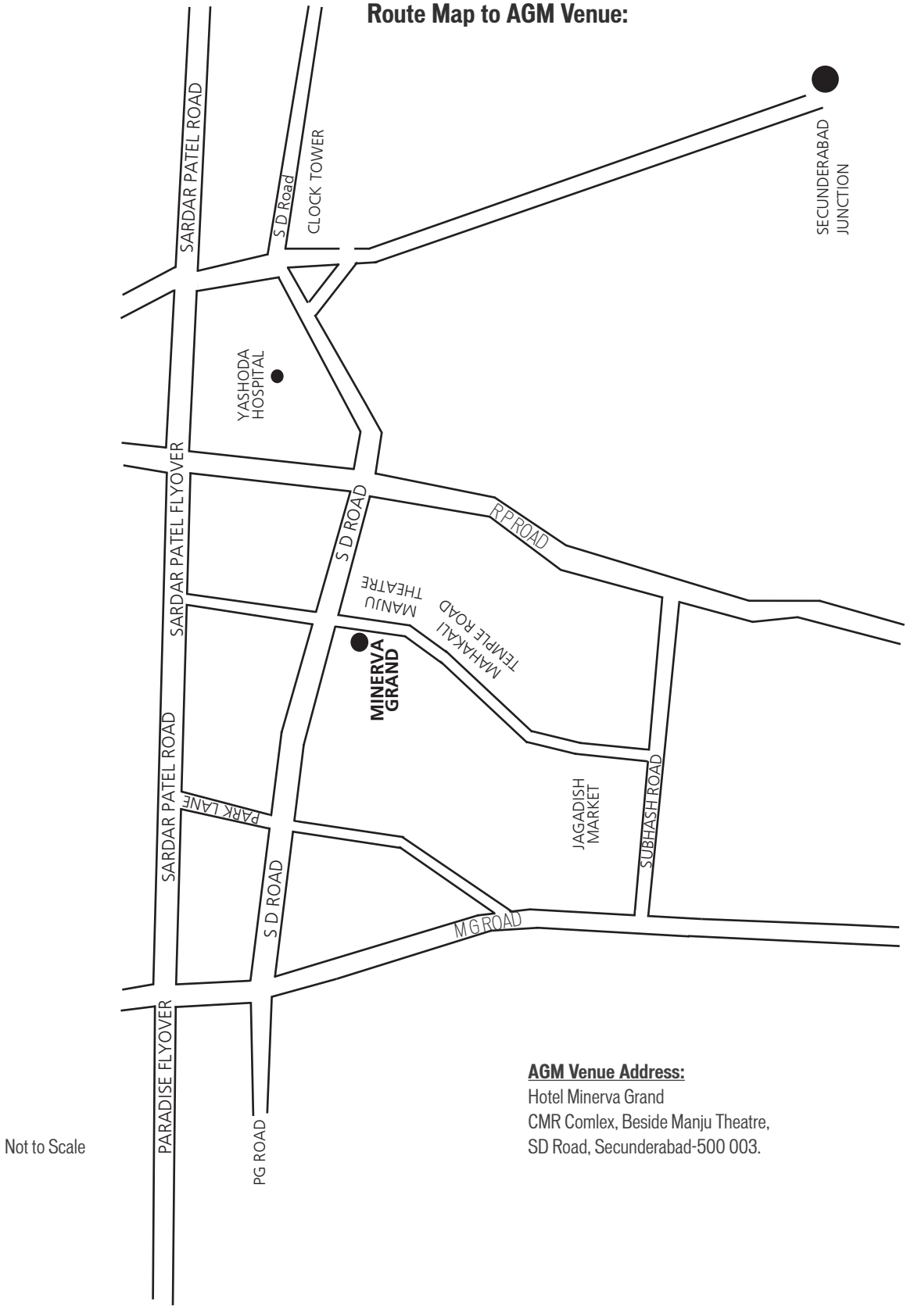
Signature of Shareholder .....

Affix a Revenue stamp of ₹1/-

Signature of Proxy.....

**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

## Route Map to AGM Venue:




Not to Scale

**AGM Venue Address:**

Hotel Minerva Grand
CMR Comlex, Beside Manju Theatre,
SD Road, Secunderabad-500 003.

# Notes

# The five lights
## of Murugappa Group




**INTEGRITY** — We value professional and personal integrity above all else. We achieve our goals by being honest and straightforward with all our stakeholders. We earn trust with every action, every minute of every day.

**PASSION** — We play to win. We have a healthy desire to stretch, to achieve personal goals and accelerate business growth. We strive constantly to improve and be energetic in everything that we do.

**QUALITY** — We take ownership of our work. We unfailingly meet high standards of quality in both what we do and the way we do it. We take pride in excellence.

**RESPECT** — We respect the dignity of every individual. We are open and transparent with each other. We inspire and enable people to achieve high standards and challenging goals. We provide everyone equal opportunities to progress and grow.

**RESPONSIBILITY** — We are responsible corporate citizens. We believe we can help make a difference to our environment and change lives for the better. We will do this in a manner that befits our size and also reflects our humility.





Providing Holistic Agri Solutions Addressing Farmer's Needs

Coromandel

FUTURE POSITIVE

Fertilisers | Crop Protection | Specialty Nutrients | Retail

Coromandel International Limited, "Coromandel House", 1-2-10, Sardar Patel Road, Secunderabad - 500 003, India.
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