

Ref. No.: 2021-22/061

September 29, 2021

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Bandra-Kurla Complex,
Bandra (E), Mumbai 400 051
Scrip Code: COROMANDEL

BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001
Scrip Code: 506395

Through: NSE NEAPS

Through: BSE Listing

Dear Sirs,

Subject : Notice of the NCLT Convened Meeting of the Equity Shareholders of the Company and intimation of cut-off date for e-voting

Reference : In the matter of Scheme of Amalgamation of Liberty Pesticides and Fertilizers Limited and Coromandel SQM (India) Private Limited with Coromandel International Limited and their respective shareholders and our letter with Ref. No.: 2021-22/059 dated September 24, 2021

This is to inform you that the Hon'ble National Company Law Tribunal, Hyderabad (NCLT) vide its order dated September 17, 2021 ("Tribunal Order") has directed the Company to convene the Meeting of the Equity Shareholders of the Company for considering and approving the proposed Scheme of Amalgamation of Liberty Pesticides and Fertilizers Limited (Transferor Company 1) and Coromandel SQM (India) Private Limited (Transferor Company 2) with Coromandel International Limited (Transferee Company) and their respective shareholders under the provisions of Sections 230 to 232 of the Companies Act, 2013 (the Act), on **Saturday, October 30, 2021 at 11:00 a.m. (IST)** through video conferencing / other audio-visual means

In accordance with Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), please find enclosed a copy of the Notice of the aforesaid meeting of the Equity Shareholders of the Company and Statement under Sections 230 and 232 read with Section 102 and other applicable provisions of the Act read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("Notice").

In terms of the Tribunal Order and as directed therein, the aforesaid Notice is being sent through electronic mode today, i.e., Wednesday, September 29, 2021, to all such members whose email address is registered with the Depository Participants/ Company's Registrars and Share Transfer Agent, KFin Technologies Private Limited.



The Notice convening meeting of Equity Shareholders will be made available on the website of the Company viz., <https://coromandel.biz/>.

Further, in compliance with the provisions of Section 108 of the Act read with Rules made thereunder and Regulation 44 of the Listing Regulations, the remote e-voting period will commence from Wednesday, October 27, 2021 (9:00 a.m., IST) and end on Friday, October 29, 2021 (5:00 p.m., IST). The shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the **cut-off date i.e., Saturday, October 23, 2021**, may cast their vote either through remote e-voting or through e-voting during the meeting. The Company has engaged the services of KFin Technologies Private Limited (KFin) as the authorised agency to provide e-voting facilities.

This is for your information and records please.

Thanking you,

Yours sincerely,
For **Coromandel International Limited**


Rajesh Mukhija
Sr. Vice President - Legal
& Company Secretary

Enclosure: As above

**SCHEME OF AMALGAMATION
OF
LIBERTY PESTICIDES AND FERTILIZERS LIMITED
(TRANSFEROR COMPANY1)
AND
COROMANDEL SQM (INDIA) PRIVATE LIMITED
(TRANSFEROR COMPANY2)
WITH
COROMANDEL INTERNATIONAL LIMITED
(TRANSFEEE COMPANY)
AND
THEIR RESPECTIVE SHAREHOLDERS
UNDER SECTIONS 232 READ WITH 230 OF THE COMPANIES ACT,
2013 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES
ACT, 2013**

1. PREAMBLE

This Scheme of Amalgamation (hereinafter referred to as "Scheme") is presented under Sections 232 read with Section 230 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder [including any statutory modification(s) or re-enactment(s) thereof, if any] for the amalgamation of Liberty Pesticides and Fertilizers Limited ("**Transferor Company 1**") and Coromandel SQM (India) Private Limited ("**Transferor Company 2**") (hereinafter collectively referred to as the "**Transferor Companies**") with Coromandel International Limited [hereinafter referred to as the "**Transferee Company**"].

The Transferor Companies are wholly owned subsidiaries of the Transferee Company since the Transferee Company along with its nominees holds the entire share capital of each of the Transferor Companies.

2. RATIONALE FOR THE SCHEME

The Board of Directors of the Transferor Companies and Transferee Company envisage the following benefits pursuant to the Amalgamation of the Transferor Companies with the Transferee Company:

- 2.1 Currently, Transferor Company 1 has no business operations, other than holding leasehold rights of the factory land in Udaipur, Rajasthan. It does not have any business plans going forward. It is, accordingly, desired to merge with Transferee Company.
- 2.2 Transferor Company 2 is engaged in the business of manufacturing and sale of water-soluble fertilizers and has a manufacturing unit in Kakinada, Andhra Pradesh. As it is expected to result in synergies in business activity, and more effective and efficient management of business affairs.

Apart from the above, it would also have the following benefits:

- 2.3 Reduction in the cost of overheads and improvement in professional management
- 2.4 Reduction in multiplicity of legal and regulatory compliances and simplification of group structure.
- 2.5 Enhance the scale of operations thereby providing significant impetus to the growth of the Companies, since they are engaged in line of business that could draw upon synergies between the Transferor Companies and the Transferee Company.
- 2.6 Consolidation of Transferor Companies with the Transferee Company by way of amalgamation would lead to a more efficient utilization of capital and improved financial structure.
- 2.7 The benefit of consolidation of financial resources, managerial and technical expertise of the Transferor Companies and the Transferee Company shall be available to the amalgamated entity leading to the overall optimization of operational and administration costs.
- 2.8 The amalgamation will rationalize and optimize the group legal entity structure to ensure greater alignment of the businesses by reducing number of legal entities and also statutory compliances.
- 2.9 To achieve synergies in business activity, consolidation, focused attention, centralized administration, economy of operation, integrated business approach and greater efficiency.

In order to achieve the above objectives, the Board of Directors of the Transferor Companies and the Transferee Company at their respective meetings have approved the proposed Scheme of Amalgamation and have decided to make the requisite applications to the National Company Law Tribunal('NCLT') under Section 230 and 232 of the Companies Act, 2013, for the sanction of this Scheme of Amalgamation of the Transferor Companies with the Transferee Company. This Scheme also makes provision for various other matters consequential or related thereto and otherwise integrally connected therewith.

There are no proceedings/investigation pending against the Transferor Companies and the Transferee Company under Section 210 of the Companies Act, 2013.

PARTS OF THE SCHEME

This Scheme of Amalgamation is divided into the following parts:

- a) **PART I** - Deals with definitions, interpretation, date of the Scheme coming into effect, incorporation, share capital and main objects of the Transferor Companies and the Transferee Company.
- b) **PART II** - Deals with amalgamation of business of the Transferor Companies with the Transferee Company, legal proceedings, conduct of business till the Effective Date, Consideration, Accounting Treatment in the books of the Transferee Company and other matters consequential and incidental thereto.
- c) **PART III** - Deals with dissolution of the Transferor Companies, application to the NCLT, general terms and conditions applicable to this Scheme of Amalgamation and other matters consequential and incidental thereto.

PART - I

3. DEFINITIONS

In this Scheme (as defined hereafter), unless repugnant to the meaning or context thereof, the following expressions shall have the meanings as mentioned herein below:

- 3.1 **"Act"** means the Companies Act, 2013 [as amended including any statutory modification(s) or re-enactment(s) or amendment(s) thereof] and Rules made thereunder, for the time being in force, and which may relate or are applicable to the amalgamation;
- 3.2 **"Applicable Laws"** means any statute, law, regulation, ordinance, rule, judgment, rule of law, order, decree, ruling, bye-law, listing agreement, approval of any competent authority, directive, notification, guideline, policy, clearance, requirement or other governmental restriction or any similar form of decision of or determination by, or any interpretation or administration having the force of law of any of the foregoing by any competent authority having jurisdiction over the matter in question, whether in effect as of the date of this Scheme or at any time thereafter;
- 3.3 **"Appropriate Authority"** means and includes any Governmental, Statutory, Departmental or Public Body or Authority, including Registrar of Companies, Regional Director, Securities Exchange Board of India, Stock Exchanges and National Company Law Tribunal or such other sectoral regulators or authorities as may be applicable;
- 3.4 **"Appointed Date"** for the purpose of this Scheme and the Income Tax Act, 1961 (hereinafter referred to as "IT Act") means 1st April, 2021 or such other date as the NCLT may direct or approve under the relevant provisions of the Act;
- 3.5 **"Board of Directors" or "Board"** shall mean Board of Directors of the Transferor Companies or Transferee Company, as the case may be or any committee thereof duly constituted or any other person duly authorised by the Board for the purpose of this Scheme;
- 3.6 **"Effective Date"** means the date on which certified copies of the orders of the NCLT are filed with RoC, Hyderabad, after the last of the approvals or events specified under Clause 26 of Part III of this Scheme are satisfied or fulfilled or obtained or have occurred or the requirement of which has been waived (in writing) in accordance with this Scheme. References in this Scheme to "Upon this Scheme becoming effective" or "Coming into Effect of this Scheme" or "Upon this Scheme Coming into effect" or other like expressions shall mean Effective Date;
- 3.7 **"Encumbrance" and its co-related words "Encumbered"** means (a) any mortgage, pledge, lien, charge (whether fixed or floating), hypothecation, assignment, deed of trust, title retention, right of set-off or counterclaim, security interest, security letter conferring any priority of payment in respect of, any obligation of any Person; (b) purchase or option agreement or arrangement, right of first refusal, right of first offer, restriction on voting; (c) subordination agreement or arrangement; (d) agreements to

create or effect any of the foregoing; (e) interest, option, or transfer restriction in favour of any Person; (f) any adverse claim as to title, possession or use and (g) any encroachment on immovable properties;

- 3.8 **"Financial Statements"** means the annual accounts (including balance sheet, cash flow statement and profit and loss account) of the Transferor Companies and/or Transferee Company;
- 3.9 **"GST Regulations"** means applicable provisions of the Central Goods and Services Tax Act, 2017 and/or the Integrated Goods and Services Tax Act, 2017 and/or respective State Goods and Services Tax Act and/or the Union Territory Goods and Services Tax Act, 2017 along with the applicable rules made thereunder;
- 3.10 **"INR"** means Indian Rupees;
- 3.11 **"IT Act"** means the Income-Tax Act, 1961 or any statutory modification or re-enactment thereof;
- 3.12 **"Listing Regulations"** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and shall include any statutory modifications, re-enactment or amendment thereof and to the extent in force;
- 3.13 **"NCLT"** means the National Company Law Tribunal, Hyderabad Bench at Hyderabad;
- 3.14 **"Proceedings"** shall have the meaning ascribed under the scheme;
- 3.15 **"Regional Director"** or **"RD"** means South East Region, at Hyderabad, having jurisdiction over the States of Telangana and Andhra Pradesh.
- 3.16 **"RoC"** means the Registrar of Companies, Telangana at Hyderabad, having jurisdiction over the State of Telangana, India;
- 3.17 **"Scheme" or "this Scheme" or "Scheme of Amalgamation"** means this Scheme of Amalgamation in its present form approved by the Board of each of the Transferor Companies and the Transferee Company as submitted to the NCLT and with any modification(s) made under Clause 24 of this Scheme or with such other modifications or amendments as the NCLT may direct, as may be approved for sanction by the NCLT;
- 3.18 **"Stock Exchanges"** means BSE Limited and National Stock Exchange of India Limited collectively;
- 3.19 **"Transferee Company" or "Coromandel International Limited"** and has the meaning ascribed to it under Clause 6.3 of this Scheme;
- 3.20 **"Transferor Company 1 and 2 or Transferor Companies"** means Liberty Pesticides and Fertilizers Limited (Transferor Company1) and Coromandel SQM (India) Private Limited (Transferor Company2) (hereinafter collectively referred to as the "Transferor Companies") and has the meaning ascribed to it under Clause 6.1 and 6.2 of this Scheme;

- 3.21 **“Transition Period”** means period starting from the date immediately after the Appointed Date till the last of the date on which all the conditions stipulated in Clause 26 of this Scheme are fulfilled;
- 3.22 **“Undertaking of Transferor Companies”** shall mean all the undertaking(s) and entire business(s) of the Transferor Companies as a going concern, including, without limitation:
- (a) all the assets and properties, both movable and immovable, and amounts receivable or belonging to the Transferor Companies as on the Appointed Date;
 - (b) all the present employees engaged by the Transferor Companies, as on the Effective Date;
 - (c) all debts (secured and unsecured), liabilities (including contingent liabilities, present and /or future), duties and obligations of the Transferor Companies as on the Appointed Date; and includes all reserves, movable and immovable properties (real and personal, tangible or intangible, freehold or leasehold, corporeal and in-corporeal, in possession, or in reversion, present and contingent of whatsoever nature, wherever situated) and assets without being limited to all its lands, roads, buildings, plant and machinery, office equipment, accessories, vehicles, electrical installations, cash in hand, amounts held with the lenders/banks to the credit of the Transferor Companies and all other assets of the Transferor Companies, including all investments whether in securities, shares, stocks, scrips, debentures or otherwise, deposits, earnest monies/ security deposits or entitlements in connection with or relating to this business undertaking, as per records of the Transferor Companies, claims, powers, authorities, allotments, all statutory licenses, approvals (including the approvals granted by any regulatory authority under any of the Laws, consents, registration, contracts, engagements, arrangements, rights, titles, interests, benefits, advantages, leasehold rights, tenancy rights, other intangibles, industrial and other licenses, permits, authorizations, quota rights, trademarks, patents and other industrial and intellectual property rights, all other rights (including but not limited to right to use and avail electricity connections, water connections, environmental clearances, telephone connections, facsimile connections, telexes, e-mail, internet, leased line connections and installations, lease rights, easements, powers and facilities), import quotas, sundry debtors, inventories, bills of exchange, deposits, loans and advances, agencies of the Transferor Companies, rights and benefits of and under all agreements, contracts and arrangement, memoranda of understanding, expressions of interest whether under agreement or otherwise and all other interests in connection with or relating to the Transferor Companies and all other interests, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approval of whatsoever nature including but not limited to benefits of all tax reliefs, deductions, exemptions, including, under the IT Act or any other applicable taxation law, including credit for advance tax (including foreign tax credit, TDS credit, minimum alternative tax credit), taxes deducted and deposited at source, including carried forward losses of

all types under the IT Act including unabsorbed depreciation as per books/MAT computation, CENVAT Credit/VAT/sales tax credits/credit under the GST regulations, service tax credits, deductions for contribution towards provident fund, gratuity fund, superannuation fund and any other special employee related funds, bonus and other incentives paid to employees, sales tax set off, deduction for any tax, duty, cess or fee paid, whether or not allowable as a deduction under section 43B or 40(a) of the IT Act, all necessary records, files, papers, engineering and process information, computer programmes, manuals, data, catalogues, quotations, sales and advertising materials, list of present and former customers and suppliers, customer credit information, customer pricing information and other records in connection with or relating to the Transferor Companies, whether in physical or electronic form.

- (d) All agreements, rights, contracts, entitlements, licenses, permits, permissions, incentives, approvals registrations, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges and claims as to any patents, trademarks, designs, quota rights, engagements, arrangements, authorities, allotments, security arrangements (to the extent provided herein), benefits of any guarantees, reversions, powers and all other approvals of every kind, nature and description whatsoever relating to the Transferor Companies' business activities and operations.
- (e) All intellectual property rights, records, files, papers, computer programmes, manuals, data, catalogues, sales material, lists of customers and suppliers, other customer information and all other records and documents relating to the Transferor Companies' business activities and operations.
- (f) Amounts claimed by the Transferor Companies whether or not so recorded in the books of account of the Transferor Companies from any Government Authority, under any law, act or rule in force, as refund of any tax, duty, cess or of any excess payment.
- (g) Right to any claim not preferred or made by the Transferor Companies in respect of any refund of tax, duty, cess or other charge, including any erroneous or excess payment thereof made by the Transferor Companies and any interest thereon, with regard to any law, act or rule or Scheme made by the Governmental Authority, and in respect of deferred revenue expenditure, deduction, exemption, rebate, allowance, amortization benefit, etc. under the Income-tax Act, 1961, or other taxation laws, or any other or like benefits under the said acts or under and in accordance with any law or act, whether in India or anywhere outside India.

4. INTERPRETATION OF THE SCHEME

In this Scheme, unless the context otherwise requires:

- 4.1 References to persons shall include individuals, bodies corporate (wherever incorporated), and unincorporated associations and partnerships.
- 4.2 The headings, sub-headings, titles, sub-titles to clauses, sub-clauses and paragraphs are inserted for ease of reference only and shall not

form part of the operative provisions of this Scheme and shall not affect the construction or interpretation of this Scheme

- 4.3 Words in the singular shall include the plural and vice versa.
- 4.4 The provisions of this Scheme have been drawn up to comply with the conditions relating to amalgamation. If any terms or provisions of this Scheme are found or interpreted to be inconsistent with the provisions of the amalgamation in terms of Section 2(1B) of the IT Act at a later date or defeats the objects of the amalgamation contemplated herein, including resulting from an amendment of Applicable Laws or for any other reason whatsoever, the provisions of the amalgamation under the IT Act and Companies Act, 2013 shall prevail and this Scheme shall stand modified to the extent determined necessary to comply with the provisions of the amalgamation under the IT Act and Companies Act, 2013 and the objects sought to be achieved by this Scheme. Such modifications will however, not affect the other parts of this Scheme.
- 4.5 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and other Applicable Laws.

5. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme as set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT shall be effective and operative from the Appointed Date.

6. DESCRIPTION OF COMPANIES

6.1 Transferor Company 1 or Liberty Pesticides and Fertilizers Limited:

6.1.1 **Liberty Pesticides and Fertilizers Limited** a Public Limited Company, bearing CIN: U24124TG1978PLC148984 was originally incorporated on 24th August, 1978 under the name and style of M/s Liberty Pesticides and Fertilizers Private Limited in the State of Rajasthan. Later on, the Company had converted itself into a Public Limited Company after passing necessary resolutions and a fresh certificate of incorporation was issued by the Registrar of Companies, Rajasthan, Jaipur on 7th May, 1992. Later on the Company had changed its registered office from the State of Rajasthan to State of Telangana by virtue of passing a special resolution on 22nd October, 2020 and after obtaining necessary approval from the Regional Director, North Western Region, Ahmedabad dated 13th January, 2021. The Registrar of Companies, Telangana at Hyderabad, issued a fresh certificate of incorporation on 24th February, 2021 under the CIN: U24124TG1978PLC148984. The 'Transferor Company 1' has its registered office presently at 1-2-10, Sardar Patel Road, Secunderabad, Hyderabad – 500003, Telangana, India. The 'Transferor Company 1' is engaged in the business of manufacturing, producing, processing, importing, exporting and dealing in minerals, pesticides, insecticides and Fertilizers and their ancillaries etc.,

6.1.2 The details of the share capital of the 'Transferor Company 1' is given below:

Share Capital as on 31st December, 2020

| Particulars | Amount In INR |
|--|---------------------|
| Authorised Share Capital 1,00,00,000 Equity Share of INR 10/- each | 10,00,00,000 |
| Total | 10,00,00,000 |
| Issued, subscribed and fully paid up shares 7,50,000 Equity Share of INR 10/- each | 75,00,000 |
| Total | 75,00,000 |

Subsequent to 31stDecember, 2020 and till the date of filing of this Scheme as approved by the Board of Directors of M/s Liberty Pesticides and Fertilizers Limited, there is no change in the authorized, issued, subscribed and paid-up capital of M/s Liberty Pesticides and Fertilizers Limited and the entire paid up capital is held by Transferee Company and its nominees.

6.1.3 The Main Objects of the 'Transferor Company 1' as provided in the Clause III of its Memorandum of Association is given below:

a. To take over the Pesticides & Fertilizers manufacturing Industry at F-225, A Mewar Industrial Area, Udaipur (Raj.) of M/s. Liberty Pesticides Industries 35 Subhash Nagar, Udaipur (Raj.) for converting into private limited.

b. To establish and carry on the business of manufacturing, producing, processing, importing, exporting and dealing in minerals, pesticides, insecticides and fertilizers and their ancillaries.

6.2 Transferor Company 2 or Coromandel SQM (India) Private Limited:

6.2.1 **Coromandel SQM (India) Private Limited** a Private Limited Company, bearing CIN:U24100TG2009PTC065404 was incorporated on 9th October, 2009 under the name and style of M/s Coromandel SQM (India) Private Limited in the then State of Andhra Pradesh. The 'Transferor Company 2' has its registered office presently at 1-2-10, Sardar Patel Road, Secunderabad, Hyderabad – 500003, Telangana, India. The 'Transferor Company 2' is engaged in the business of manufacturing or producing, refining, mixing, preparing, trading in Fertilizers, Bio Organic Chemicals, Agro Chemicals etc.,

6.2.2 The details of the share capital of the 'Transferor Company 2' is given below:

Share Capital as on 31st December, 2020

| Particulars | Amount In INR |
|--|---------------------|
| Authorised Share Capital | |
| 1,00,00,000 Equity Share of INR 10/- each | 10,00,00,000 |
| Total | 10,00,00,000 |
| Issued, subscribed and fully paid up shares | |
| 1,00,00,000 Equity Share of INR 10/- each | 10,00,00,000 |
| Total | 10,00,00,000 |

Subsequent to 31stDecember, 2020 and till the date of filing of this Scheme as approved by the Board of Directors of M/s Coromandel SQM (India) Private Limited, there is no change in the authorized, issued, subscribed and paid-up capital of M/s Coromandel SQM (India) Private Limited and the entire paid up capital is held by Transferee Company and its nominees.

6.2.3 The Main Objects of the 'Transferor Company 2' as provided in the Clause III of its Memorandum of Association are given below:

- (a) To carry on the business of blending and/or formulation or manufacturing or producing, refining, mixing, preparing, trading, buying, selling and dealing in India or elsewhere in any class of fertilizers whether solid, liquid, powder, amorphous, granular, crystalline, form of manures, their mixtures and or formulations and any or all classes and kinds of chemicals, source materials, ingredients, mixtures, derivatives and compounds thereof, and any and all kinds of similar products.
- (b) To carry on the business of manufacture, formulate, process, mine, import, export, purchase, market, sell, carry on the business and otherwise deal in all kinds of micro-nutrients, synthetic and bio-organic chemicals, agro-chemicals, medicines, foliar applications, sprays and remedies of all kinds of agricultural, fruit growing, gardening or other purposes and whether produced from vegetables, minerals, gases, animal or any other matter or by any process, whether chemicals, electrical, mechanical or otherwise.
- (c) To establish and operate plant and carry on business, in India for producing, manufacturing, processing, developing, marketing, dealing in importing, exporting and selling of fertilisers, including water soluble fertilisers and micronutrients, for agriculture applications.

(d) To carry on the business of manufacturing, producing, marketing, dealing, distributing, buying, selling, importing, exporting, leasing, trading, hiring and dealing whether as Principals and/or agents in and with any and all classes of fertilizers and its production, and all other products and also to set up model demonstration farms for the use of special fertilizers and for training farmers in using the special fertilizers and to carry on the business of fertilization by manufacturing or producing, formulating, refining, processing, importing, purchasing, acquiring, leasing, selling, trading, hiring or dealing in whether as Principals and/or agents in all kinds of fertilization systems whether liquid or solid, manure, mixtures and formulations to be used for agricultural and floriculture production.

6.3 Transferee Company

6.3.1 **Coromandel International Limited (Transferee Company)** a Public Limited Company, bearing CIN:L24120TG1961PLC000892 was originally incorporated on 16thOctober,1961 under the name and style of M/s Coromandel Fertilizers Private Limited in the then State of Andhra Pradesh. Later on, the Company had converted itself into a Public Limited Company after passing necessary resolutions and a fresh certificate of incorporation was issued by the Registrar of Companies, Andhra Pradesh on 16thApril, 1964. Later on, name of the company was changed to its present name i.e. M/s Coromandel International Limited and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Andhra Pradesh on 23rd September, 2009. The 'Transferee Company' has its registered office presently at 1-2-10, Sardar Patel Road, Secunderabad, Hyderabad – 500003, Telangana, India. The 'Transferee Company' is engaged in the business of all classes and kinds of fertilisers, chemicals and industrial and other preparations arising from or required in the manufacture of any kind of fertilisers.

6.3.2 The details of the share capital of the 'Transferee Company' is given below:

Share Capital as on 31st December, 2020

| Particulars | Amount In INR |
|--|----------------------|
| Authorised Share Capital | |
| 35,00,00,000 Equity Shares of INR 1/- each | 35,00,00,000 |
| 50,00,000 Cumulative Redeemable Preference Shares of INR 10/- each | 5,00,00,000 |
| Total | 40,00,00,000 |
| Issued, subscribed and fully paid up shares | |
| 29,32,43,349 Equity Share of INR 10/- each | 29,32,43,349 |
| Total | 29,32,43,349 |

6.3.3 The Main Objects of the 'Transferee Company' as provided in the Clause 5 of its Memorandum of Association, are:

- (a) To manufacture, refine and prepare all classes and kinds of fertilisers and all classes and kinds of chemicals and industrial and other preparations arising from or required in the manufacture of any kind of fertilisers.
- (b) To buy, sell, distribute and deal in India and elsewhere all classes and kinds of fertilisers and in all classes and kinds of chemicals and industrial and other preparations arising from or required in the manufacture of any kind of fertilisers.
- (c) To manufacture, refine, prepare, process, sell, export and generally deal in all types and varieties of cement (including coloured, white, fire, portland and alumina cement) and cement products.

PART – II

AMALGAMATION OF TRANSFEROR COMPANIES WITH THE TRANSFEREE COMPANY

7. TRANSFER OF UNDERTAKING(S) OF THE TRANSFEROR COMPANIES

7.1 General

Upon this Scheme coming into effect and with effect from the Appointed Date defined in Clause 3.4 in Part I of the Scheme, the undertaking(s) of the Transferor Companies shall, pursuant to the sanction of this Scheme by the NCLT and in accordance with section 2(1B) of the IT Act and Section 232 read with Section 230 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, as a going concerns without any further act, instrument, deed, matter or thing so as to become, as and from the Appointed Date, the undertaking of the Transferee Company by virtue of and in the manner provided in the Scheme.

7.2 Transfer of Assets

7.2.1 Without prejudice to the generality of Clause 7.1 above, upon coming into effect of this Scheme and with effect from the Appointed Date:

- (a) All assets and properties comprised in the Undertaking(s) of the Transferor Companies, of whatsoever nature and wheresoever situated, shall, under the provisions of Section 232 read with Section 230 and all other applicable provisions, if any, of the Act, without any further act or deed be and stand transferred to and vested in the Transferee Company or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become, as and from the Appointed Date, the assets and properties of the Transferee Company provided that Board of Directors of the Transferee Company shall be entitled, at its discretion and as may be advised or considered fit, expedient or necessary, to determine the classification/reclassification and treatment of any or all of the assets transferred to and vested in the Transferee Company pursuant to this Scheme.
- (b) Without prejudice to the provisions of sub-clause (a) above in respect of such of the assets and properties of the Transferor Companies, as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same shall be so transferred by the Transferor Companies and shall, upon such transfer, become the assets and properties of the Transferee Company as an integral part of its Undertakings without requiring any deed or instrument or conveyance for the same.
- (c) In respect of the movables other than those dealt with in sub-clause (b) above including sundry debtors, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be recovered,

bank balances, investments, subsidy receivable, earnest money and deposits with any Government, quasi-government, local or other authority or body or with any company or other person, the same shall on and from the Appointed Date stand transferred to and vested in the Transferee Company without any notice or other intimation to the debtors (although the Transferee Company may if it so deems appropriate, give notice in such form as it may deem fit and proper, to each person, debtors or depositors, as the case may be, that the said debt, loan, advance, balance or deposit stand transferred and vested in the Transferee Company).

(d) All the licenses, permits, quotas, approvals, permissions, registrations, incentives, sales tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, customer registrations, customer approvals, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Companies and all rights and benefits that have accrued or which may accrue to any of the Transferor Companies, whether before or after the Appointed Date, shall under the provisions of Section 232 read with Section 230 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in or deemed to be transferred to and vested in or be available to the Transferee Company so as to become as and from the Appointed Date, licenses, permits, quotas, approvals, permissions, registrations, incentives, sales tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, customer registrations, customer approvals, liberties, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.

(e) All assets and properties of the Transferor Companies as on the Appointed Date, whether or not included in the books of the Transferor Companies, and all assets and properties, which are acquired by the Transferor Companies on or after the Appointed Date but prior to the Effective Date, shall be deemed to be the properties of the Transferee Company and shall under the provisions of Section 232 read with Section 230 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, be vested in and be deemed to have been vested in the Transferee Company upon the coming into effect of this Scheme.

7.2.2 Where the Transferor Companies are entitled to any benefits under incentive schemes and policies and pursuant to this Scheme, it is declared that the benefits under all of such schemes and policies shall be transferred to and vested in the Transferee Company and all benefits, entitlements and incentives of any nature whatsoever, including sales tax concessions and incentives, shall be claimed by the Transferee Company and these shall relate back to the Appointed Date as if the Transferee Company was originally entitled to all benefits under such incentive scheme and/or policies, subject to continued compliance by the Transferee Company of all the terms and conditions subject to which the benefits under the

incentive schemes were made available to the Transferor Companies.

8. TRANSFER OF LIABILITIES

- 8.1 Upon the Scheme coming into effect and with effect from the Appointed Date, all liabilities relating to and comprised in the Undertaking(s) of the Transferor Companies including all debts, liabilities (including contingent liabilities), duties and obligations and undertakings of the Transferor Companies of every kind, nature and description whatsoever and however arising, raised or incurred or utilized for business activities and operations along with any charge, encumbrances, lien or security thereon (hereinafter referred to as "Liabilities") shall, pursuant to coming into effect of the Scheme and under the provisions of Section 232 read with Section 230 and all other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company. Such liabilities shall be assumed by the Transferee Company to the extent they are outstanding on the Effective Date so as to become as from the Appointed Date, the Liabilities of the Transferee Company, on the same terms and conditions as were applicable to the Transferor Companies. The Transferee Company shall meet, discharge and satisfy the same and further it shall not be necessary to obtain the consent of any third party or other person who is party to any contract or arrangement by virtue of which such Liabilities have arisen in order to give effect to the provisions of this clause.
- 8.2 All debts, liabilities, duties and obligations of the Transferor Companies shall, as on the Appointed Date, whether or not provided in the books of the Transferor Companies, and all debts and loans raised and used, and duties, liabilities and obligations incurred or which arise or accrue to the Transferor Companies on or after the Appointed Date till the Effective Date shall be deemed to be and shall become the debts, loans raised and used, duties, liabilities and obligations incurred by the Transferee Company by virtue of this Scheme.
- 8.3 Where any such debts, liabilities, duties and obligations of the Transferor Companies as on the Appointed Date have been discharged after the Appointed Date and prior to the Effective Date by any of the Transferor Companies, such discharge shall be deemed to be for and on account of the Transferee Company.
- 8.4 All loans raised and utilized and all liabilities, duties and obligations incurred or undertaken by the Transferor Companies after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme and under the provisions of Section 232 read with Section 230 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed be and stand transferred to or vested in or deemed to have been transferred to and vested in the Transferee Company and shall become the loans and liabilities, duties and obligations of the Transferee Company which shall meet, discharge and satisfy the same.

- 8.5 Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Transferor Companies and the Transferee Company shall, ipso facto, stand discharged and come to an end and there shall be no liability in that behalf on any party and appropriate effect shall be given in the books of accounts and records of the Transferee Company. It is hereby clarified that there will be no accrual of interest or other charges in respect of any such inter-company loans, advances and other obligations with effect from the Appointed Date.
- 8.6 The Scheme shall not operate to enlarge the security for any loan, deposit or facility created by or available to the Transferor Companies which shall vest in the Transferee Company by virtue of the amalgamation and the Transferee Company shall not be obliged to create any further, or additional security therefore after the amalgamation has become effective or otherwise.
- 8.7 The Transferor Companies shall ensure to comply with all the applicable laws and the officers in default of the Transferor Companies shall not be absolved of their statutory liability prior to the amalgamation.

9. ENCUMBRANCES

- 9.1 The transfer and vesting of the assets comprised in the Undertaking(s) of the Transferor Companies respectively to and in the Transferee Company under Clause 7.1 and Clause 8.1 of this Scheme shall be subject to the mortgage and charges, if any, affecting the same as hereinafter provided.
- 9.2 All the existing securities, charges, encumbrances or liens (hereinafter referred to as "Encumbrances"), if any, created by the Transferor Companies after the Appointed Date, in terms of the Scheme, over the assets comprised in their respective Undertakings or any part thereof transferred to the Transferee Company by virtue of this Scheme and in so far as such Encumbrances secure or relate to Liabilities of the Transferor Companies, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Transferee Company and such Encumbrances shall not relate or attach to any of the other assets of the Transferee Company. Provided however that while all existing charges on the assets against loans obtained, if any, by the Transferor Companies would be transferred pursuant to this Scheme, the Scheme shall not operate to enlarge the security for any loan, deposit or facility created by or available to the Transferor Companies which shall vest in the Transferee Company by virtue of the amalgamation and the Transferee Company shall not be obliged or required to create any further or additional security therefore after the amalgamation has become effective or otherwise.
- 9.3 The existing Encumbrances over the assets and properties of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Effective Date shall continue to relate to such assets and properties and shall not extend or attach to any of the assets and properties of the Transferor Companies transferred to and vested in the Transferee Company by virtue of this Scheme.

- 9.4 Any reference in any security documents or arrangements (to which Transferor Companies are party) to the Transferor Companies and in assets and properties, shall be construed as a reference to the Transferee Company and the assets and properties of the Transferor Companies transferred to the Transferee Company by virtue of this Scheme. Without prejudice to the foregoing provisions, the Transferor Companies as the case maybe and the Transferee Company may execute any instruments or documents or do all acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies to give formal effect to the above provisions, if required.
- 9.5 Upon the coming into effect of this Scheme, the Transferee Company alone shall be liable to perform all obligations in respect of the liabilities, which have been transferred to it in terms of the Scheme.
- 9.6 It is expressly provided that, save as herein provided, no other term or condition of the liabilities transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.
- 9.7 The provisions of the Clause 7.2 shall operate in accordance with the terms of the Scheme, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security documents, all of which instruments, deeds or writing shall stand modified and/or superseded by the foregoing provisions.
- 9.8 The Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute Deeds of Confirmation in favour of the creditors of the Transferor Companies or in favor of any other party to any contract or arrangement to which the Transferor Companies is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of the Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Companies and to implement or carry out all such formalities or compliance referred to above on the part of the Transferor Companies, required to be carried out or performed.

10. TAXES

- 10.1 On and from the Appointed Date, if any certificate for Tax Deducted at Source or any other tax credit certificate relating to any Transferor Companies is received in the name of any Transferor Companies it shall be deemed to have been received by the Transferee Company, which alone shall be entitled to claim credit for such tax deducted or paid.
- 10.2 All taxes (including, without limitation, income tax, excise duty, customs duty, service tax, taxes paid under Goods and Service Tax regulations or under any other law which may come into force) paid or payable by any Transferor Companies from the Appointed Date, shall be on account of the Transferee Company and, in so far as it relates to the tax payment (including, without limitation, income tax, sales tax, excise duty, customs duty, service tax, VAT, taxes paid under GST regulations or under any other law which may come into

force), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Companies after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company and shall in all proceedings be dealt accordingly. This is notwithstanding that challans or tax payment certificates are in the name of the Transferor Companies and not in the name of the Transferee Company.

- 10.3 Any tax liabilities under the IT Act, Customs Act, 1962, Central Excise Act, 1944, GST regulations or other applicable laws/regulations dealing with taxes/duties/levies allocable or related to the business of the Transferor Companies, to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date, shall be transferred to the Transferee Company.
- 10.4 It is further provided that upon the Scheme coming into effect, all taxes payable by the Transferor Companies and all or any refunds and claims, from the Appointed Date shall, for all purposes, be treated as the tax liabilities or refunds and claims, as the case may be of the Transferee Company. Accordingly, upon the Scheme becoming effective, the Transferor Companies and the Transferee Company are also expressly permitted to revise their Financial Statements, respective Income Tax Returns, TDS Returns, other tax/ statutory returns and to claim refunds, subsidy receivable, advance tax and withholding tax credits, benefits of credit for minimum alternative tax and carry forward of accumulated depreciation and losses as per books, if any, etc. pursuant to the provisions of this Scheme. In other words, all existing and future incentives, unavailed credits and exemptions, carried forward losses of all types under the IT Act including unabsorbed depreciation for the purpose of minimum alternative tax computation and other statutory benefits and credit for minimum alternative tax under the IT Act, excise (including Modvat / Cenvat), customs, taxes under GST regulation etc. to which the Transferor Companies are entitled to shall be available to and vest in the Transferee Company.
- 10.5 In accordance with the Cenvat Rules framed under the Central Excise Act, 1944, GST regulations as per prevalent on the Effective Date and any other indirect tax as may be prevalent on the effective date, the unutilized credits relating to the VAT, GST paid on inputs/work-in-progress/capital goods lying in the accounts of the Transferor Companies, service tax credits, GST credits and any other indirect tax credits shall be permitted to be transferred to the credit of the Transferee Company as if all such unutilized credits were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credits against the excise duty, amount payable under GST regulation or any other tax liability as may be permissible under the respective laws.
- 10.6 Upon the Scheme coming into effect, the Transferee Company is expressly permitted to revise its financial statements and returns along with prescribed forms, filings and annexures under the IT Act (including for minimum alternate tax purposes and tax benefits), service tax law, GST regulations and other tax laws, and to claim refunds and/or credits for taxes paid (including minimum alternate tax), and to claim tax benefits under the IT Act which includes but not limited to the amount disallowed in the hands of the Transferor Companies under Section 43B or 40(a) of the IT Act for the financial

years prior to the Appointed Date shall be eligible to be claimed by the Transferee Company on fulfillment of the conditions as laid down in Section 43B or 40(a) of the IT Act etc. and other tax laws and for matters incidental thereto, if required to give effect to the provisions of this Scheme.

- 10.7 Without prejudice to the generality of the above, all benefits including under Income Tax, Sales Tax, Excise Duty, Customs Duty, service tax, VAT, GST etc., to which the Transferor companies is entitled to in terms of the applicable tax laws of the Union and State Governments, shall be available to and vest in the Transferee company.

11. EFFECT OF SCHEME

The Scheme shall not have any adverse effect on any key managerial personnel, directors, promoters, non-promoter members, creditors or any employee, if any, of the Transferor Companies or the Transferee Company. The Scheme shall also not have any effect on material interests of any of directors and key managerial personnel of Transferor Companies or the Transferee Company. As stated above, any outstanding amounts payable by the Transferor Companies shall stand transferred onto the Transferee Company and shall be payable by the Transferee Company. Further, the services of all transferred employees, if any, and managerial personnel of the Transferor Companies to the Transferee Company will be treated as having been continuous for the purpose of the aforesaid employee benefits and / or liabilities.

12. INTER-SE TRANSACTIONS

Without prejudice to the provisions of Clause 7 above, with effect from the Appointed Date, all inter-party transactions/arrangements between the Transferor Companies as the case maybe and the Transferee Company shall be considered as intra-party transactions/arrangements for all purposes. For the removal of doubt, it is clarified that upon the Scheme coming into effect and with effect from the Appointed Date, to the extent there are inter-corporate loans, deposits, investments, obligation, balances or other outstanding as between the Transferor Companies inter-se and/or the Transferee Company, the obligations in respect thereof or any other arrangements shall come to an end. Any tax payment whether by way of deduction at source, advance tax or otherwise howsoever, on such intercompany transaction(s)/payment(s) post the Appointed Date by either of the Transferor Companies shall be deemed to be advance tax paid by the Transferee Company. There shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Transferee Company for the reduction of such assets or liabilities as the case may be.

13. CONTRACTS, DEEDS, LICENSES ETC.

- 13.1 Upon the Scheme coming into effect and subject to the provisions hereof, all contracts, deeds, bonds, agreements, schemes, arrangements, assurances and other instruments of whatsoever nature to which the Transferor Companies as the case maybe are a party or to the benefit of which the Transferor Companies may be eligible and which are subsisting or have effect immediately before the Appointed Date, shall continue in full force and effect on or against or in favour of, as the case may be, and be enforced as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been party or beneficiary or oblige thereto or thereunder.

- 13.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Undertaking occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (deeds of adherence), confirmations or other writings or arrangements with any party to any contract or arrangements to which the Transferor Companies are party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Companies and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Companies to be carried out or performed.
- 13.3 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, rights, statutory licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of any of the Transferor Companies shall stand transferred to the Transferee Company, as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Transferee Company. The Transferee Company shall receive relevant approvals from the concerned Government Authorities as may be necessary in this behalf.
- 13.4 Upon the coming into effect of this Scheme and with effect from the Appointed Date, any statutory licenses, leasehold rights, permissions or approvals or consents held by the Transferor Companies and required to carry on operations or any business of the Transferor Companies shall stand vested in or transferred to the Transferee Company, without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Transferee Company. Statutory and regulatory permissions, licenses, registrations, leasehold rights, environmental approvals and consents including statutory licenses, permissions or approvals or consents required to carry on the operations of the Transferor Companies shall vest in and become available to the Transferee Company pursuant to the Scheme. Any no-objection certificates, licenses, permissions, consents, approvals, authorizations, registrations or statutory rights as are held by the Transferor Companies shall, as far as practicable and permitted, be deemed to constitute licenses, permissions, no-objection certificates, consents, approvals, authorities, registrations or statutory rights of the Transferee Company, and the relevant or concerned statutory authorities and licensors shall endorse and/or mutate or record the merger, so as to facilitate the continuation of operations of the Transferor Companies in the Transferee Company without any hindrance or let from the Appointed Date. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such documents or perform such actions to obtain aforesaid approvals or permissions.

14. LEGAL PROCEEDINGS

On and from the Appointed Date, all suits, actions and legal proceedings (hereinafter referred to as '**Proceedings**') by or against any of the Transferor Companies arising on or before the Effective Date shall be continued and/or enforced as desired by the Transferee Company and on and from the Effective Date, shall be continued and/or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been instituted and/or pending and/or arising by or against the Transferee Company. The Transferee Company undertakes to continue to abide by any agreement/settlement, if any, entered into by the Transferor Companies with any union/employee of the any Transferor Companies.

15. CONDUCT OF BUSINESS TILL EFFECTIVE DATE

15.1 With effect from the Appointed Date and up to and including the Effective Date:

- (a) The Transferor Companies shall carry on and shall be deemed to have carried on all its business and activities as hitherto and shall hold and stand possessed of their respective Undertaking(s) on account of, and for the benefit of and in trust for, the Transferee Company.
- (b) All profits or incomes accruing or arising to the Transferor Companies, and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profit and income) by the Transferor Companies shall, for all purposes, be treated and be deemed to be and accrued as the profits or incomes or as the case may be, expenditure or losses (including taxes) of the Transferee Company.
- (c) All assets howsoever acquired by the Transferor Companies for carrying on its business, operations or activities and the liabilities relating thereto shall be deemed to have been acquired and are also contracted for and on behalf of the Transferee Company.
- (d) All taxes (including income tax, excise duty, customs duty, GST etc.) paid or payable by the Transferor Companies in respect of the operations and/or the profits of their respective businesses before the Appointed Date, shall be deemed to be on account of the Transferee Company and, in so far as it relates to tax payment (including, without limitation, excise duty, custom duty, income tax, GST, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Companies in respect of the profits or activities or operation of their respective businesses after the Appointed Date, the same shall be deemed to be the corresponding amount paid by the Transferee Company and shall, in all proceedings be dealt accordingly.
- (e) Any of the rights, powers, authorities and privileges attached or related or pertaining to and exercised by or available to the Transferor Companies shall be deemed to have been exercised by the Transferor Companies, for and on behalf of and as agent for the Transferee Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to their Undertaking that has been undertaken or discharged by the Transferor Companies shall be deemed to have been undertaken

or discharged for and on behalf of and as agent of the Transferee Company.

15.2 With effect from the date of filing of this Scheme with the NCLT and up to and including the Effective Date:

(a) The Transferor Companies shall preserve and carry on its business and activities with reasonable diligence and business prudence and shall not undertake any financial commitments of any nature whatsoever, borrow any amounts nor incur any liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitments either for itself or on behalf of its group companies or any third party or sell, transfer, alienate, charge, mortgage or encumber or deal with their respective Undertakings or any part thereof save and except in each case in the following circumstances:

- (i) if the same is in its ordinary course of business as carried on by it as on date of filing of this Scheme with the NCLT; or
- (ii) if the same is permitted by this Scheme; or
- (iii) if the same is with respect to any contracts/ agreement/ arrangements / obligation subsisting as on the date of filing of this Scheme with the NCLT; or
- (iv) if consent of the Transferee Company has been obtained.

(b) Without the prior consent of the Transferee Company, the Transferor Companies shall not take, enter into, perform or undertake, as applicable (i) any material decision in relation to its business and affairs and operations (ii) any agreement or transaction (other than an agreement or transaction in ordinary course of the Transferor Companies's business); and (iii) such other matters as the Transferee Company may notify from time to time.

15.3 Without prejudice to the above, the Transferor Companies from the date of filing this Scheme with the NCLT shall not make any change in its capital structure, whether by way of increase (by issue of equity shares on a rights basis, bonus shares or otherwise), decrease, reduction, reclassification, subdivision or consolidation, reorganization, or in any other manner which may, in any way, affect the Share Exchange Ratio except under any of the following circumstances:

- a) By mutual consent of the respective Board of Directors of the Transferor Companies and the Transferee Company; or
- b) By way of any obligation already subsisting as on the date of filing this Scheme with the NCLT.

15.4 The Transferee Company shall also be entitled, pending sanction of the Scheme, to apply to the NCLT, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Transferee Company may require including the registration, approvals, exemptions, reliefs, etc., as may be required / granted under any law for the time being in force for carrying on business of the Transferor Companies.

16. EMPLOYEES

16.1 Upon coming into effect of this Scheme:

- (a) The permanent employees, if any, of the Transferor Companies who are in employment as on the Effective Date shall become the employees of the Transferee Company with effect from the Effective Date, i.e. from the appointed date, without any break or interruption in service and on terms and conditions as to employment and remuneration not less favorable than those on which they are engaged or employed by the Transferor Companies. The Transferee Company undertakes to continue to abide by any agreement/settlement, if any, entered into by any Transferor Companies with any union/employee of the Transferor Companies.
- (b) The existing provident fund, gratuity fund, pension and/or superannuation fund or trusts or retirement funds or benefits created by the Transferor Companies or any other special funds created or existing for the benefit of the concerned employees of the Transferor Companies (collectively referred to as "Funds"), if any, and the investment made out of such Funds shall, at an appropriate stage, be transferred to the Transferee Company to be held for the benefit of the concerned employees of the Transferor Companies. The Funds shall, subject to the necessary approvals and permission and at the discretion of the Transferee Company, either be continued as separate funds of the Transferee Company for the benefit of the employees of the Transferor Companies or be transferred to and merged with other similar funds of the Transferee Company. In the event that the Transferee Company does not have its own fund with respect to any such Funds, the Transferee Company may, subject to necessary approvals and permissions, continue to maintain the existing Funds separately and contribute therein, until such time as the Transferee Company creates its own funds into which the Funds and the investments and contributions pertaining to the employees of the Transferor Companies shall be transferred to such funds of the Transferee Company.

16.2 With effect from the date of filing of this Scheme with the NCLT and up to and including the Effective Date the Transferor Companies shall not vary or modify the terms and conditions of employment of any of its employees, except with the written consent of the Transferee Company.

16.3 It is clarified that the services of all transferred staff, workmen and employees of the Transferor Companies to the Transferee Company will be treated as having been continuous for the purpose of the aforesaid employee benefits and/or liabilities. For the purpose of payment of any retrenchment compensation, gratuity, and/or other terminal benefits, and/or any other liability pertaining to staff, workmen and employees, the past services of such staff, workmen and employees with the Transferor Companies shall also be taken into account by the Transferee Company, who shall pay the same as and when payable.

17. SAVING OF CONCLUDED TRANSACTIONS

Subject to the terms of this Scheme, the transfer and the vesting of the Undertaking(s) of the Transferor Companies under Clause 7 of this Scheme shall not affect any transactions or proceedings already concluded by the Transferor Companies on or before the Appointed Date or after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Companies as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.

18. OTHERS

18.1 On and from the Effective Date, and thereafter, the Transferee Company shall be entitled to operate all bank accounts of the Transferor Companies and realize all monies and enforce all pending contracts and transactions and to issue credit notes in respect of the Transferor Companies in the name of the Transferee Company in so far as may be necessary until the transfer of rights and obligations of the Transferor Companies to the Transferee Company under this Scheme have been formally given effect to under such contracts and transactions.

18.2 All cheques and other negotiable instruments, payment orders received in the name of Transferor Companies after the Effective Date shall be accepted by the Bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company as pertaining to the Transferor Companies;

18.3 Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, holidays, incentives, concessions and other authorisations in relation to the Transferor Companies, shall stand transferred by the order of the NCLT to the Transferee Company, the Transferee Company shall file the relevant intimations, for the record of the statutory authorities who shall take them on file, pursuant to the vesting orders of the NCLT.

18.4 The Transferee Company will have the right to use all intellectual property rights including trademarks and Brands, domain names, service marks, colour schemes, logo, records, files, papers, engineering and process information, computer programmes, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers patents, copy rights, technical know-how, designs, design registrations, etc. relating to the Business of the Transferor Companies.

19. CONSIDERATION

19.1 The entire issued and paid-up equity share capital of the Transferor Companies is held by the Transferee Company and its nominees. Accordingly, the shares held by the Transferee Company in the Transferor Companies shall, on and from the end of the Transition Period, be cancelled or shall be deemed to have been cancelled without any further act or deed, and accordingly, no shares of the Transferee Company shall be issued to the shareholders of the Transferor Companies in lieu of the said amalgamation.

19.2 The shares of the Transferor Companies, in relation to the shares held by its members, shall without any further application, act, instrument or deed be deemed to have been automatically cancelled and be of no effect on and from the end of the Transition Period.

20. ACCOUNTING TREATMENT

20.1 Accounting Treatment in the books of Transferee Company

Notwithstanding anything to the contrary herein, upon this Scheme becoming effective, the Transferee Company shall account the transaction in accordance with the applicable accounting standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, or any other relevant or related requirement under the Act, as applicable on the Effective Date.

Upon coming into effect of this scheme, the Transferee Company shall account for the amalgamation in its books of accounts in accordance with 'pooling of interests method' of accounting as laid down in the Indian Accounting Standard (IND AS) 103 – Business Combinations and relevant clarifications issued by Institute of Chartered Accountants of India.

20.2 Accounting Treatment in the books of Transferor Companies

As the Transferor Companies shall stand dissolved without being wound up upon the Scheme becoming effective, hence there is no accounting treatment prescribed under this Scheme in the books of the Transferor Companies.

21. VALIDITY OF EXISTING RESOLUTIONS, ETC.,

Upon the coming into effect of this Scheme, resolutions, if any, of the Transferor Companies, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then the said limits shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.

22. CONSOLIDATION OF AUTHORISED CAPITAL

22.1 Upon this Scheme becoming effective, the authorized share capital of the Transferee Company shall automatically stand increased without any further act, instrument or deed, by the Authorised share capital of the Transferor Companies, amounting in aggregate to Rs. 60,00,00,000/- (Rupees Sixty Crores only) divided into 55,00,00,000 Equity Shares of Rs. 1/- each amounting to Rs. 55,00,00,000/- (Rupees Fifty-Five Crores Only) and 50,00,000 Cumulative Redeemable Preference Shares of Rs. 10/- each amounting to Rs. 5,00,00,000/- (Rupees Five Crores only).

22.2 The memorandum and articles of association of the Transferee Company (relating to authorised share capital) shall without any further act, instrument or deed, be and stand altered, modified and

amended, and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purpose of effecting this amendment, and no further resolution(s) under any other applicable provisions of the Act would be required to be separately passed, as the case may be and for this purpose the stamp duty and fees paid on the authorised capital of the Transferor Companies shall be utilised and applied to the increased authorised share capital of the Transferee Company and there would be no requirement for any other further payment of stamp duty and / or fee by the Transferee Company for increase in the authorised share capital to that extent. Pursuant to the Scheme becoming effective and consequent upon the amalgamation of the Transferor Companies into the Transferee Company, the authorised share capital of the Transferee Company will be as under:

| Authorised Share Capital | (Amount in INR) |
|--|------------------------|
| 55,00,00,000 Equity shares of INR 1/- each | 55,00,00,000 |
| 50,00,000 Cumulative Redeemable Preference Shares of INR 10/- each | 5,00,00,000 |
| Total | 60,00,00,000 |

22.3 It is clarified that the approval of the members of the Transferee Company to the Scheme shall be deemed to be their consent / approval also to the alteration of the Memorandum of Association of the Transferee Company as may be required under the Act.

22.4 **Clause 5 of the Memorandum of Association** of the Transferee Company shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to applicable provisions of the Companies Act, 2013 as the case may be and be replaced by the following clause:

“(a)The Authorized Share Capital of the Company isRs. 60,00,00,000/- (Rupees Sixty Crores only) divided into 55,00,00,000 Equity Shares of Rs. 1/- each amounting to Rs. 55,00,00,000/- (Rupees Fifty-Five Crores Only) and 50,00,000 Cumulative Redeemable Preference Shares of Rs. 10/- each amounting to Rs.5,00,00,000/- (Rupees Five Crores only) with such rights, privileges and conditions respectively attached thereto as may be from time totime conferred by the regulations of the Company; with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify, or abrogate any such rights, privileges or conditions, in such manner as may for the time being be provided by the regulations of the Company.”

PART – III

GENERAL TERMS AND CLAUSES

23. DISSOLUTION WITHOUT WINDING UP

Upon this Scheme becoming effective, the Transferor Companies shall, without any further, act, or deed, stand dissolved without going through the process of winding up upon such terms as the NCLT may direct or determine.

On and with effect from the effective date, the name of the Transferor Companies shall be struck off from the records of the relevant Registrar of Companies.

The Transferor Companies and the Transferee Company shall with all reasonable dispatch, make all applications/ petitions under Section 230 to Section 232 and other applicable provisions of the Act to the NCLT for sanctioning of this scheme and for the dissolution of the Transferor Companies without winding up under the provisions of law, and obtain all approvals as may be required thereunder.

24. APPLICATIONS TO THE NCLT

24.1 The Transferor Companies and the Transferee Company shall make all necessary joint applications/petitions to the NCLT under Sections 232 read with Section 230 and other applicable provisions of the Act, for seeking its approval of this Scheme and all matters ancillary or incidental thereto, as may be necessary to give effect to the terms of this Scheme.

24.2 On this Scheme being agreed by the requisite majority of members and creditors of the respective Transferor Companies and the Transferee Company, the Transferor Companies and the Transferee Company shall apply to the NCLT for sanction of this Scheme under Section 232 read with Section 230 of the Act and other applicable provisions of the Act, and for such other order, or orders, as the NCLT may deem fit for carrying this Scheme into effect.

24.3 Upon this Scheme becoming, effective, the respective shareholders of the Transferor Companies and the Transferee Company shall be deemed to have also accorded their approval under all relevant provisions of the Act for giving effect to the provisions contained in this Scheme.

24.4 It is hereby clarified that filing of the Scheme to the NCLT and to any authorities for their respective approvals is without prejudice to all rights, interest, titles and defenses that the companies have or may have under or pursuant to all applicable laws.

24.5 The Transferor Companies and the Transferee Company shall also take such other steps as may be necessary or expedient to give full and formal effect to the provisions of this Scheme, including making the required RoC filings.

24.6 The Transferee Company and the Transferor Companies shall be entitled, pending the sanction of the Scheme, to apply to any Appropriate Authority, if required, under any law for such consents and approvals which the Transferee Company may require to own the Undertaking and to carry on the business of the Transferor

Companies and provide such intimations to the Appropriate Authority wherever required.

25. MODIFICATIONS OR AMENDMENTS TO THIS SCHEME

25.1 The Transferor Companies and the Transferee Company, by their respective Boards, may make and consent to any modification(s) or amendment(s) to this Scheme or to any conditions or limitations that the NCLT or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them, provided that any such modification(s) or amendment(s) to this Scheme after the approval of this Scheme by the NCLT shall be subject to the prior approval of the NCLT. The Transferor Companies and the Transferee Company by their respective Boards, shall be authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of this Scheme or any matter concerned or connected therewith.

25.2 For the purpose of giving effect to this Scheme or to any modification(s) or amendment(s) thereof or additions thereto, the directors of the Transferee Company may give and is hereby authorised to determine and give all such directions as are necessary, including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

26. SCHEME CONDITIONAL ON APPROVALS AND SANCTIONS

This Scheme is conditional upon and subject to:

- (a) Approval by requisite majority of the members and/ or creditors of the Transferor Companies and the Transferee Company as the Act provides from time to time or as may be directed by the NCLT;
- (b) Approval of this Scheme by the NCLT, whether with any modification or amendment as the NCLT may deem appropriate or otherwise; and
- (c) The certified copies of the NCLT's orders sanctioning this Scheme being filed with the Registrar of Companies, Telangana at Hyderabad by the Transferor Companies and the Transferee Company.

27. EFFECT OF NON-RECEIPT OF APPROVALS

27.1 In the event that this Scheme is not sanctioned by the NCLT or in the event any of the consents, approvals, permissions, resolutions, agreements, sanctions or conditions specified in this Scheme are not obtained or complied with or this Scheme cannot be implemented for any other reason, this Scheme shall stand revoked and cancelled and shall have no effect, and each of the Transferor Companies and the Transferee Company shall bear its own costs, charges and expenses in connection with this Scheme, unless otherwise mutually agreed.

27.2 In the event of non-receipt of approval of any lender or creditor for the transfer of any liability, then at the option of the Board of the Transferee Company, it may issue a security or recognize a liability in favour of the lender or the creditor, as the case may be, on the same terms.

27.3 The transfer of such asset or liability shall become effective from the Appointed Date as and when the requisite approvals are received or the liability or security abovementioned be recognized or issued and the provisions of this Scheme shall apply appropriately to the said transfer, recognition and issue.

28. COSTS

All costs, charges and expenses including stamp duty and registration fee of any deed, document, instrument or NCLT's order including this Scheme or in relation to or in connection with negotiations leading up to this Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion of scheme of Amalgamation in pursuance of this Scheme shall be borne and paid by the Transferee Company. The Transferee Company shall be eligible for deduction of expenditure incurred as per section 35DD of the IT Act.

29. MISCELLANEOUS

29.1 After the transfer, the combined assets shall be sufficient to meet the combined liabilities of the Transferee Company and the said Scheme will not adversely affect the rights of any of the creditors of any of the Companies in any manner whatsoever and the assets of the amalgamated company (i.e. the Transferee Company) shall be sufficient for payment of all liabilities as and when the same fall due in usual course.

29.2 In the event of non-fulfillment of any or all obligations under the Scheme by any company towards the other company, inter-se or to third parties and non-performance of which will put the other company under any obligation, then such company will indemnify the other company in respect of all costs/interests, etc.

29.3 On the approval of the Scheme by the members of the Transferor Companies and the Transferee Company pursuant to Section 232 read with Section 230 of the Act, it shall be deemed that the said members have also accorded all relevant consents under other provisions of the Act to the extent the same may be considered applicable for the purpose of this Scheme.

29.4 It is the intention of the parties that any Part of the Scheme, as may be mutually decided by the Board of each of Parties, shall be severable from the remainder of the Scheme, and the Scheme shall not be affected by such alteration.



INDEPENDENT AUDITORS' REPORT

To,
The Members,
Liberty Pesticides & Fertilizers Limited,

Report on the Financial Statements

We have audited the accompanying financial statements of Liberty Pesticides & Fertilizers Limited (the Company), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss and Cash Flow Statement for the year ended on above date, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies(Accounts)Rules,2014. This responsibility also includes maintenance of adequate accounting records in accordance with the Act for safeguarding the assets of the Company and for detecting and preventing frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are responsible and prudent, and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India and specified under Section 143(10) of the Companies Act, 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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





Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2021;
- in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2015("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we report that in absence of any transaction during the year statement on the matters specified in paragraphs 3 and 4 of the Order is not applicable.
- As required by the Companies Act, 2013 in terms of Clause (1) of Sub-section 3 of Section 143 of the Act, we report that in absence of any transaction during the year our Report on the Internal Financial Controls over Financial Reporting is not applicable.
- As required by Indian Accounting Standards 101, as followed by the company, the financial Statements and related notes comply with Indian Accounting Standards.
- As required by Section 143(3) of the Act we report that:
 - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with Accounting Standards notified under section 133 of the Companies Act, 2013.
 - On the basis of the written representations received from the directors as on March 31, 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, from being appointed as a director in terms of sub-section (2) of section 164 of the Companies Act, 2013.

Place : Udaipur
Date : 18.06.2021



For L. S. NALWAYA & Co.
Chartered Accountants
(FRN 115645W)


L. S. NALWAYA
PARTNER
M. No.012114

LIBERTY PESTICIDES AND FERTILIZERS LIMITED
Balance Sheet as at 31 March 2021
(Rs. in lakhs, unless otherwise stated)

| Particulars | Note | As at 31 March 2021 | As at 31 March 2020 |
|---|------|------------------------|------------------------|
| I ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Property, plant and equipment | | - | - |
| (b) Capital work-in-progress | | - | - |
| (c) Other intangible assets | | - | - |
| (d) Intangible assets under development | | - | - |
| (e) Financial assets | | | |
| i) Investments | | - | - |
| ii) Loans | | - | - |
| iii) Other financial assets | 1 | 3.38 | 5.20 |
| (f) Other non-current assets | | - | - |
| | | <u>3.38</u> | <u>5.20</u> |
| 2 Current assets | | | |
| (a) Inventories | | - | - |
| (b) Financial assets | | - | - |
| i) Investments | | - | - |
| ii) Trade receivables | | - | - |
| iii) Government subsidies receivable | | - | - |
| iv) Cash and cash equivalents | 2 | 33.77 | 27.02 |
| v) Bank balances other than cash and cash equivalents | | - | - |
| vi) Loans | 3 | 248.00 | 248.13 |
| vii) Other financial assets | | - | - |
| (c) Other current assets | 4 | 0.51 | 0.37 |
| | | <u>282.28</u> | <u>275.52</u> |
| Total assets | | <u><u>285.66</u></u> | <u><u>280.72</u></u> |
| II EQUITY AND LIABILITIES | | | |
| 1 Equity | | | |
| (a) Equity share capital | 5 | 75.00 | 75.00 |
| (b) Other equity | 6 | 207.75 | 201.35 |
| Total equity | | <u>282.75</u> | <u>276.35</u> |
| 2 Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| i) Borrowings | | - | - |
| ii) Other financial liabilities | | - | - |
| (b) Provisions | | - | - |
| (c) Deferred tax liabilities (net) | | - | - |
| (d) Other non-current liabilities | | - | - |
| | | <u>-</u> | <u>-</u> |
| 3 Current liabilities | | | |
| (a) Financial liabilities | | | |
| i) Borrowings | | - | - |
| ii) Trade payables | | - | - |
| iii) Other financial liabilities | | - | - |
| (b) Provisions | | - | - |
| (c) Current tax liabilities (net) | 7 | 2.32 | 3.78 |
| (d) Other current liabilities | 8 | 0.59 | 0.59 |
| | | <u>2.91</u> | <u>4.37</u> |
| Total liabilities | | <u>2.91</u> | <u>4.37</u> |
| Total equity and liabilities | | <u><u>285.66</u></u> | <u><u>280.72</u></u> |

See accompanying notes forming part of the financial statements

In terms of our report attached

For L.S.NALWAYA & CO.
Chartered Accountants
FRN 115645W

For and on behalf of the Board of Directors


L.S. Nalwaya
Partner
MRN 012114
Place: Secunderabad
Date: 18.06.2021



S. Sankarasubramanian
Director

Rajesh Mukhija
Director


LIBERTY PESTICIDES AND FERTILIZERS LIMITED
Statement of Profit and Loss for the period ended 31 March 2021
(Rs. in lakhs, unless otherwise stated)

| Particulars | Note | For the Year ended 31 March 2021 | For the Year ended 31 March 2020 |
|--|------|--|--|
| I Income | | | |
| Revenue from operations | | - | - |
| Other income | 9 | 9.71 | 15.35 |
| Total income | | <u>9.71</u> | <u>15.35</u> |
| II Expenses | | | |
| Cost of materials consumed | | - | - |
| Purchases of stock-in-trade | | - | - |
| Changes in inventories of finished goods, work-in-process and stock-in-trade | | - | - |
| Excise duty | | - | - |
| Employee benefits expense | | - | - |
| Finance costs | | - | - |
| Depreciation and amortisation expense | | - | - |
| Other expenses | 10 | 0.78 | 0.82 |
| Total expenses | | <u>0.78</u> | <u>0.82</u> |
| III Profit before exceptional items and tax (I - II) | | <u>8.94</u> | <u>14.53</u> |
| IV Exceptional items (net) | | <u>0.00</u> | <u>0.00</u> |
| V Profit before tax (III + IV) | | <u>8.94</u> | <u>14.53</u> |
| VI Tax expense: | | | |
| (1) Current tax | | 2.32 | 3.78 |
| (2) Deferred tax | | - | - |
| (3) Earlier Year Income tax | | 0.21 | 0.77 |
| | | <u>2.54</u> | <u>4.54</u> |
| VII Profit for the year (V - VI) | | <u>6.40</u> | <u>9.99</u> |

See accompanying notes forming part of the financial statements 11

In terms of our report attached

For **L.S.NALWAYA & CO.**

Chartered Accountants
FRN 115645W

L.S.Nalwaya
Partner
MRN 012114

Place: Secunderabad
Date: 18.06.2021



For and on behalf of the Board of Directors

S. Sankarasubramanian
Director

Rajesh Mukhija
Director



LIBERTY PESTICIDES AND FERTILIZERS LIMITED
Statement of Changes in Equity for the period ended 31 March 2021
(Rs. in lakhs, unless otherwise stated)

a. Equity share capital

| | Number of shares | Amount |
|---|------------------|-----------|
| Balance as at 1 April 2020 | 7,50,000 | 75 |
| Add: Equity shares allotted pursuant to exercise of stock options | - | - |
| Balance as at 31 March 2021 | 7,50,000 | 75 |
| Add: Equity shares allotted pursuant to exercise of stock options | - | - |
| Balance as at 31 March 2021 | 7,50,000 | 75 |

*less than a lakh

b. Other equity


| Particulars | Reserves and Surplus | | | | | Total |
|--|----------------------|----------------------------|-----------------|------------------------------|----------------------|---------------|
| | General reserve | Capital investment Subsidy | Capital reserve | Investment Allowance Reserve | Profit and Loass A/c | |
| Balance at April 1, 2020 (as previously reported) | 55.24 | 18.42 | 1.23 | 9.04 | 117.42 | 201.35 |
| Changes in accounting policy | - | - | - | - | - | - |
| Restated balance at the beginning of the reporting period | 55.24 | 18.42 | 1.23 | 9.04 | 117.42 | 201.35 |
| Balance at April 1, 2020 | 55.24 | 18.42 | 1.23 | 9.04 | 117.42 | 201.35 |
| Balance at April 1, 2020 | 55.24 | 18.42 | 1.23 | 9.04 | 117.42 | 201.35 |
| Profit for the year | - | - | - | - | 6.40 | 6.40 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - |
| Total comprehensive income for the period | 55.24 | 18.42 | 1.23 | 9.04 | 123.82 | 207.75 |
| Recognition of share-based payments | - | - | - | - | - | - |
| Amount received on exercise of employee stock options | - | - | - | - | - | - |
| Payment of dividends | - | - | - | - | - | - |
| Amounts transferred within the reserves | - | - | - | - | - | - |
| Balance at March 31, 2021 | 55.24 | 18.42 | 1.23 | 9.04 | 117.42 | 207.75 |
| Profit for the period | - | - | - | - | 6.40 | 6.40 |
| Other comprehensive income for the period, net of income tax | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | - | 6.40 | 6.40 |
| Payment of dividends | - | - | - | - | - | - |
| Amount received on exercise of employee stock options | - | - | - | - | - | - |
| Transfer to retained earnings | - | - | - | - | - | - |
| Amounts transferred within the reserves | - | - | - | - | - | - |
| Balance at March 31, 2021 | 55.24 | 18.42 | 1.23 | 9.04 | 123.82 | 207.75 |

See accompanying notes forming part of the financial statements

In terms of our report attached

For L.S.NALWAYA & CO.
Chartered Accountants

L.S.Nalwaya
Partner
Place: Secunderabad
Date: 18.06.2021



For and on behalf of the Board of Directors

S. Sankarasubramanian
Director

Rajesh Mukhiya
Director



LIBERTY PESTICIDES AND FERTILIZERS LIMITED
Notes forming part of the financial statements
(` in lakhs, unless otherwise stated)

1. Non Current Assets

| | As at 31 March 2021 | As at 31 March 2020 |
|------------------------------------|------------------------|------------------------|
| Other Financial Assets | | |
| Security Deposit & Advances | 1.21 | 1.21 |
| TDS/Advance Income Tax (F Y 19-20) | - | 3.99 |
| TDS/Advance Income Tax (F Y 20-21) | 2.17 | - |
| | <u>3.38</u> | <u>5.20</u> |

2. Cash and cash equivalents

| | As at 31 March 2021 | As at 31 March 2020 |
|----------------------|------------------------|------------------------|
| Cash on hand | - | - |
| Balances with Banks: | | |
| On Current accounts | 33.77 | 27.02 |
| On Deposit accounts | - | - |
| | <u>33.77</u> | <u>27.02</u> |

3. Current Financial assets: Loans

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Financial assets carried at amortised cost | | |
| Inter-corporate deposits | | |
| Coromandel International Ltd. | - | - |
| Loan to Coromandel International Ltd. (Holding Co.) | 248.00 | 248.13 |
| | <u>248.00</u> | <u>248.13</u> |

4. Other Current Assets

| | As at 31 March 2021 | As at 31 March 2020 |
|-----------------------------|------------------------|------------------------|
| RJ SGST Receivable Services | 0.18 | 0.13 |
| RJ CGST Receivable Services | 0.18 | 0.13 |
| RJ IGST Receivable Services | 0.16 | 0.11 |
| | <u>0.51</u> | <u>0.37</u> |

5. Equity

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| 3.1 Equity share capital | | |
| Authorised Share capital : | | |
| 10000000 fully paid equity shares of `10 each (previous year 10000000 equity shares of `10 each) | 1,000.00 | 1,000.00 |
| Issued and subscribed capital comprises: | | |
| 750000 (31 March 2016 : 7500000) fully paid equity shares of Rs.10 each | 75.00 | 75.00 |
| | <u>75.00</u> | <u>75.00</u> |

3.2 Reconciliation of number of equity shares and amount outstanding at the beginning and at the end of the

| | Numbers of Shares | Amount |
|---|----------------------|--------------|
| Balance as at 31 March 2020 | 7,50,000 | 75.00 |
| Add: Equity shares allotted pursuant to exercise of stock options | - | - |
| Add: Equity shares allotted on amalgamation of subsidiary | - | - |
| Balance as at 1 April 2020 | <u>7,50,000</u> | <u>75.00</u> |
| Add: Equity shares allotted pursuant to exercise of stock options | - | - |
| Balance as at 31 March 2021 | <u>7,50,000</u> | <u>75.00</u> |
| Add: Equity shares allotted pursuant to exercise of stock options | - | - |
| Balance as at 31 March 2021 | <u>7,50,000</u> | <u>75.00</u> |



Notes forming part of the financial statements
(Rs. in lakhs, unless otherwise stated)

6. Other equity

| | As at 31 March 2021 | As at 31 March 2020 |
|--------------------------------|------------------------|------------------------|
| General reserve | 55.24 | 55.24 |
| Capital investment Subsidy | 18.42 | 18.43 |
| Capital reserve | 1.23 | 1.23 |
| Investment Allowance Reserve | 9.04 | 9.04 |
| Securities Premium Account | - | - |
| Profit and Losses A/c | 123.82 | 117.42 |
| ESOP reserve | - | - |
| Equity Instruments through OCI | - | - |
| | <u>207.75</u> | <u>201.36</u> |

7. Current Tax Liabilities

| | As at 31 March 2021 | As at 31 March 2020 |
|-----------------------------|------------------------|------------------------|
| Income tax payable FY 19-20 | - | 3.78 |
| Income tax payable FY 20-21 | 2.32 | - |
| | <u>2.32</u> | <u>3.78</u> |

8. Other Current Liabilities

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Advances from customers | - | - |
| Income received in advance | - | - |
| Other liabilities (including statutory remittances) | - | - |
| | <u>-</u> | <u>-</u> |
| Audit fee Provision 2019-20 | - | 0.55 |
| Audit fee Provision 2020-21 | 0.55 | - |
| B.V.P.A.Gopinath | - | 0.00 |
| TDS on Consultancy | 0.04 | - |
| Adv. Sandeep Mahta | - | 0.04 |
| | <u>0.59</u> | <u>0.59</u> |

9. Other income

| Particulars | For the Year ended 31 March 2021 | For the Year ended 31 March 2020 |
|------------------|--|-------------------------------------|
| Interest on Loan | 9.71 | 15.35 |
| | <u>9.71</u> | <u>15.35</u> |

10. Other expenses

| Particulars | For the Year ended 31 March 2021 | For the Year ended 31 March 2020 |
|---------------------------------|--|-------------------------------------|
| Bank Commission & charges | 0.00 | 0.00 |
| Auditor's Remuneration & Others | 0.55 | 0.55 |
| Professional & Consultancy | 0.27 | 0.27 |
| Balance Write off | (0.04) | - |
| | <u>0.78</u> | <u>0.82</u> |



LIBERTY PESTICIDES & FERTILIZERS LIMITED

CASH FLOW FROM OPERATING ACTIVITIES 2020-2021

(Rs. in lakhs, unless otherwise stated)

| | 31.03.2021 | 31.03.2020 |
|---|-------------|-------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| NET PROFIT/ (LOSS) AFTER TAX | 6.40 | 9.99 |
| ADJUSTMENTS FOR: | | |
| DEFERRED TAX LIABILITY | 0.00 | 0.00 |
| FINANCIAL CHARGES | 0.00 | 0.00 |
| | <u>6.40</u> | <u>9.99</u> |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | | |
| DECREASE IN DEBTORS | 0.00 | 0.00 |
| DECREASE IN ADVANCES | 1.81 | 7.09 |
| DECREASE IN INVENTORIES | 0.00 | 0.00 |
| DECREASE IN TRADE & OTHER PAYABLES | -1.46 | -9.72 |
| DECREASE IN NON CURRENT LIABILITY | 0.00 | 0.00 |
| CASH GENERATED FROM OPERATIONS | <u>6.75</u> | <u>7.36</u> |
| NET CASH FLOW FROM OPERATING ACTIVITIES (A) | <u>6.75</u> | <u>7.36</u> |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| | 0.00 | 0.00 |
| NET CASH FLOW FROM INVESTING ACTIVITIES (B) | <u>0.00</u> | <u>0.00</u> |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| FINANCIAL CHARGES | 0.00 | 0.00 |
| NET CASH FLOW FROM FINANCING ACTIVITIES (C) | <u>0.00</u> | <u>0.00</u> |
| D. NET INCREASE/(DECREASE)IN CASH & CASH EQUIVALENTS | 6.75 | 7.36 |
| E. CASH & CASH EQUIVALENTS - OPENING BALANCE | 27.03 | 19.67 |
| F. CASH & CASH EQUIVALENTS - CLOSING BALANCE | 33.77 | 27.03 |

This is cash flow statement referred to in our report of even date

For L.S.NALWAYA & CO.

Chartered Accountants
FRN 115645W

L.S.Nalwaya
Partner
MRN 012114
Place : Secunderabad
Date : 18.06.2021



For and on behalf of the Board of Directors

S. Sankarasubramanian
S.Sankarasubramanian
Director

Rajesh Mukhija
Rajesh Mukhija
Director



LIBERTY PESTICIDES & FERTILIZERS LIMITED

SIGNIFICANT ACCOUNTING POLICIES

Financial Statements have been prepared under historic cost convention on accrual basis in accordance with the generally accepted accounting principles.

The significant accounting policies are as follows-

INVESTMENTS:

Investments are stated at cost. However, there are no investments.

CURRENT ASSETS:

Inventories

- a) Finished Goods are stated at cost. Cost is arrived at on first in first out basis and where appropriate includes proportionate direct production over-heads. However, there is no inventory at the end of the year.

INCOME:

Interest on Loan to Holding Company is accounted for on accrual basis.

NET PROFIT:

The net profit/loss is arrived at after providing for Income Tax in accordance with statutory requirements.

BENEFITS TO WORKMEN:

There is no liability in respect of retirement benefits under the Employees. Provident fund (And Miscellaneous Provisions) Act,1952 .

TREATMENT OF CONTINGENT LIABILITIES:

Contingent liabilities on account of :

The contingent liabilities not acknowledged as debt are not provided since the ultimate outcome thereof cannot be determined on the date of the Balance Sheet.

OTHERS:

The company has followed the same accounting policies as in the previous years subject to regulatory changes, if any.



LIBERTY PESTICIDES & FERTILIZERS LIMITED

NOTES TO THE BALANCE SHEET

NOTE NO. 11

NOTES FORMING PART OF THE BALANCE SHEET AS AT 31st March- 2021 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

1. Contingent liabilities not provided for :
The Co. has sold its fixed Assets to Holding company M/s Liberty Phosphate Ltd. merged with Coromandel International Ltd. on 08.05.2014. Registration of transfer is pending. The amount of Stamp duty etc. if any Payable, will be Rs. 26.85 lacs plus interest etc. (Previous Year 26.85 lacs). As per agreement the Liability of stamp duty and charges, when payable shall now be borne by holding company Coromandel International Ltd.
2. There were no employees who were in receipt of remuneration in excess of the limit specified under Section 134 of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 as amended to date.
3. Advances and Other Liabilities are subject to confirmation.
4. Provision for taxation has been made for the year under review and provisions for earlier years adjusted to Profit & Loss Account as Earlier Year Income Tax.
5. Previous year figures have been regrouped and rearranged wherever necessary, to confirm classification of this year.

For L.S. Nalwaya & Co.
Chartered Accountants
FRN 115645W

L. S. Nalwaya
Partner
MRN 012114



Place : Secunderabad
Date : 18.06.2021

For and on behalf of the Board of Directors


S. Sankarasubramanian
Director


Rajesh Mukhija
Director



COROMANDEL SQM (INDIA) PRIVATE LIMITED

ACCOUNTS FOR THE PERIOD ENDED 31st MARCH 2021

INDEPENDENT AUDITOR'S REPORT

To The Members of Coromandel SQM (India) Private Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the standalone financial statements of **Coromandel SQM (India) Private Limited** ("the Company"), which comprise the balance sheet as at 31st March 2021, and the statement of Profit and Loss, (statement of changes in equity) and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 March 31, 2021, and profit/loss, for the yearended on that date.

Basis for Opinion

We conduct our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information [or another title if appropriate, such as "Information Other than the Financial Statements and Auditor's Report Thereon"]

The Company's Board of Directors is responsible for the other information. The other information comprises the board's report, annexures to Annual return included in the Annual report but does not include the Financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Management's Responsibility for the Standalone 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 financial statements that give a true and fair view of the financial position, financial performance, of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified 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 of 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 are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

A further description of our responsibilities for the audit of the financial statements is included in Appendix A of this auditor's report forms part of our auditor's report

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 are necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
- (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 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 C".
- (g) The Company has not paid any managerial remuneration and hence reporting on the compliance with the provisions of section 197 read with Schedule V to the Act does not arise.
- (h) 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, in our opinion and to the best of our information and according to the explanations given to us
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there are any material foreseeable losses.
 - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company

Place: Chennai
Date: 19-04-2021



For Shanker Giri & Prabhakar
Chartered Accountants
FRN: 003761S

K. Rangakrishnan

K. Rangakrishnan
Partner
Membership No: 029172
UDIN: 21029172AAAABT8412

ANNEXURE 'A'

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

As part of an audit in accordance with SAs, we exercised professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Place: Chennai
Date: 19-04-2021



For Shanker Giri & Prabhakar
Chartered Accountants
FRN: 003761S

K. Rangakrishnan

K. Rangakrishnan
Partner

Membership No. : 029172
UDIN: 21029172AAAABT8412

ANNEXURE 'B'

The Annexure referred to in paragraph 1 of Our Report of even date to the members of COROMANDEL SQM (INDIA) PRIVATE LIMITED on the accounts of the company for the year ended 31st March, 2021.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

i. Fixed Assets

- (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets
- (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties.

ii. Inventory

As explained to us, inventories have been physically verified during the year by the management at reasonable intervals. Discrepancies noticed were not material and the same have been properly dealt with in the books of account.

- 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.
- iv. The Company has not given any loans, guarantees or security or acquired any investments and hence the applicability of provisions of Section 185 and 186 of the Companies Act, 2013 does not arise.
- v. The company has not accepted any deposits during the year. Hence Clause 3(v) of the Order is not applicable.
- vi. Maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013. According to the information and explanations given to us by the company, such accounts and records as required by the provisions of the Act have been so made and maintained
- vii. (a) According to the information and explanations given to us, and records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess, GST and any other statutory dues as applicable, with the appropriate authorities. There are no arrears of undisputed statutory dues outstanding as at 31st March 2021 for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us, and the records of the Company examined by us, there are no dues of income tax or sales tax or wealth tax or service tax or duty of



customs or duty of excise or value added tax or cess and GST which have not been deposited on account of any dispute.

- viii. The Company has availed Working Capital Demand Loan from a Bank and there has been no default in repayment of the same. The Company has not taken any other loans from financial institutions and Government and has not issued any debentures.
- ix. The Company has not raised by way of initial public offer or further public offer (including debt instruments) and term loans.
- x. During the course of our examination of the Books and Records of the Company carried out in accordance with the Generally Accepted Auditing Practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the year nor have we been informed of such case by the Management.
- xi. The Company has not paid any managerial remuneration during the year.
- xii. The provisions of clause (xii) are not applicable to the company as it is not a Nidhi Company.
- xiii. According to the information and explanations given to us, the company has complied with section 177 and 188 of the Act wherever applicable and has disclosed the transactions with related parties as required by the applicable accounting standards
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under Section 42 of the Act.
- xv. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them.
- xvi. According to the information and explanations given to us, the Company is not required to be registered under section 45- IA of the Reserve Bank of India Act, 1934.

Place: Chennai
Date: 19-04-2021



For Shanker Giri & Prabhakar
Chartered Accountants
FRN: 003761S

K. Rangakrishnan

K. Rangakrishnan
Partner

Membership No. : 029172
UDIN:21029172AAAABT8412

ANNEXURE 'C'

**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE
STANDALONE FINANCIAL STATEMENTS OF COROMANDEL SQM (INDIA) PRIVATE
LIMITED**

**Report on the Internal Financial Controls 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 SQM (INDIA) PRIVATE LIMITED ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone 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.

Auditors' 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 my / 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 my / our opinion, 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 March 31, 2021, 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 Shanker Giri & Prabhakar
Chartered Accountants
Firm's Registration No:003761S



K. Rangakrishnan
Partner

Membership No: 029172
UDIN: 21029172AAAABT8412

Place: Chennai
Date: 19-04-2021



COROMANDEL SQM (INDIA) PRIVATE LIMITED**BALANCE SHEET AS AT 31st MARCH 2021**

| | Note No | As at 31.03.2021 Rs.(Lacs) | As at 31.03.2020 Rs.(Lacs) |
|---|---------|-------------------------------|-------------------------------|
| I ASSETS: | | | |
| 1 Non-Current Assets | | | |
| (a) Property, Plant and Equipment | 1 | 397.54 | 416.26 |
| (b) Capital work-in-Progress | 1 | 0.40 | 17.34 |
| (c) Financial Assets | | | |
| (i) Others | 2 | 2.57 | 2.34 |
| (d) Deferred tax assets (Net) | 16 | 4.17 | 1.41 |
| | | <u>404.68</u> | <u>437.35</u> |
| 2 Current Assets | | | |
| (a) Inventories | 3 | 685.41 | 869.35 |
| (b) Financial Assets | | | |
| (i) Current investments | 4 | - | - |
| (ii) Trade Receivables | 5 | 943.41 | 747.14 |
| (iii) Cash and Cash Equivalents | 6 | 1,377.46 | 1,302.47 |
| (iv) Other Current Assets | 7 | 258.40 | 129.91 |
| (c) Current Tax Assets (Net) | 8 | 16.49 | 9.79 |
| | | <u>3,281.17</u> | <u>3,058.66</u> |
| Total Assets [(1) + (2)] | | <u>3,685.85</u> | <u>3,496.01</u> |
| II EQUITY AND LIABILITIES: | | | |
| 1 Equity | | | |
| (a) Equity Share Capital | 9 | 1,000.00 | 1,000.00 |
| (b) Other Equity | 10 | 1,743.08 | 1,561.87 |
| | | <u>2,743.08</u> | <u>2,561.87</u> |
| 2 Non-Current Liabilities | | | |
| (a) Deferred tax liabilities (Net) | 16 | - | - |
| | | <u>-</u> | <u>-</u> |
| 3 Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 11 | 75.78 | - |
| (ii) Trade Payables | 12 | 772.11 | 824.14 |
| (iii) Other financial liabilities | 13 | - | - |
| (b) Other Current Liabilities | 14 | 89.46 | 103.53 |
| (c) Provisions | 15 | 5.42 | 6.47 |
| (d) Current Tax Liabilities | 16 | - | - |
| | | <u>942.77</u> | <u>934.14</u> |
| Total Equity & Liabilities [(1)+(2)+(3)] | | <u>3,685.85</u> | <u>3,496.01</u> |

On behalf of the Board of Directors

This is the Balance Sheet referred
to in our report of event date
For SHANKER GIRI & PRABHAKAR
CHARTERED ACCOUNTANTS

Sd/-
SAMEER GOEL
Chairman

Sd/-
NARAYANAN VELLAYAN
Director

Sd/-
K.RANGAKRISHNAN
Partner

Place: Secunderabad
Date: 19-04-2021

Sd/-
JYOTIKA AASAT
Company Secretary

COROMANDEL SQM (INDIA) PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2021

| | Note No. | For the Period Ended 31st Mar 2021 Rs (Lakhs) | For the Period Ended 31st Mar 2020 Rs (Lakhs) |
|--|-------------|---|---|
| I Revenue from Operations | 17 | | |
| Sales | | 5,112.22 | 5,803.45 |
| Other Operating Revenue | | - | 19.80 |
| | | 5,112.22 | 5,823.25 |
| II Other Income | 18 | 118.33 | 57.87 |
| III Total Revenue (I+II) | | 5,230.55 | 5,881.12 |
| IV Expenses | | | |
| Cost of Materials Consumed | 19 | 4,253.56 | 3,073.84 |
| Purchases of Stock-in-Trade | 20 | 112.99 | 1,597.57 |
| Changes in Inventories | 21 | 295.57 | 492.27 |
| Employee Benefit Expense | 22 | 122.02 | 175.71 |
| Finance Cost | 23 | 1.87 | 2.14 |
| Depreciation and amortization Expense | 24 | 54.43 | 210.15 |
| Other Expenses | 25 | 153.93 | 284.84 |
| Total Expenses (IV) | | 4,994.37 | 5,836.52 |
| V Profit / Loss before tax (III - IV) | | 236.18 | 44.60 |
| VI Tax expense: | | | |
| 1 Current Tax | | 59.22 | 53.31 |
| 2 Deferred Tax | | -2.77 | -34.01 |
| 3 Short Provision of Tax relating to earlier years | | - | - |
| VII Profit/(Loss) for the period (V - VI) | | 179.73 | 25.30 |
| VIII Other Comprehensive Income | | | |
| (i) Re-measurement gains/losses on defined benefit plans | | 1.48 | -0.33 |
| IX Total Comprehensive Income for the period (VII + VIII) | | 181.21 | 24.97 |
| X Earnings Per Equity Share (On Continuing Operations) | | | |
| Basic - Rs. | | 1.81 | 0.25 |
| Diluted - Rs. | | 1.81 | 0.25 |

On behalf of the Board of Directors

Sd/-
SAMEER GOEL
Chairman

Sd/-
NARAYANAN VELLAYAN
Director

Sd/-
K.RANGAKRISHNAN
Partner

Place: Secunderabad
Date: 19-04-2021

Sd/-
JYOTIKA AASAT
Company Secretary

This is the Balance Sheet referred
to in our report of event date
For SHANKER GIRI & PRABHAKAR
CHARTERED ACCOUNTANTS

COROMANDEL SQM (INDIA) PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021

| | 2020-21 | | 2019-20 | |
|---|-------------|-----------------|-------------|-----------------|
| | Rs. (Lakhs) | Rs. (Lakhs) | Rs. (Lakhs) | Rs. (Lakhs) |
| A. Cash Flow From Operating Activities | | 236.18 | | 44.60 |
| Net Profit before tax | | | | |
| Adjustments for: | | | | |
| Interest received | -60.13 | | -38.64 | |
| Dividends received | - | | - | |
| Depreciation | 54.43 | | 210.15 | |
| Loss on Sale of Assets | - | | 1.59 | |
| Profit on Sale of Fixed Assets | - | | - | |
| Profit on Sale of Investments | - | | -8.52 | |
| Interest expense (Net) | 0.81 | -4.89 | 0.74 | 165.32 |
| Operating Profit before Working Capital Changes | | 231.29 | | 209.92 |
| Adjustments for- | | | | |
| (Increase)/Decrease in Inventories | 185.77 | | 681.97 | |
| (Increase)/Decrease in Trade Receivables | -196.27 | | -11.57 | |
| (Increase)/Decrease in Loans & Advances | -129.08 | | 74.54 | |
| Increase/(Decrease) in Unsecured Loan | - | | - | |
| Increase/(Decrease) in Current Liabilities | -67.32 | -206.89 | 99.90 | 844.84 |
| Cash generated from Operations | | 24.40 | | 1,054.76 |
| Direct Taxes paid | -65.76 | -65.76 | -48.85 | -48.85 |
| Net Cash Flow from Operating Activities | | -41.36 | | 1,005.91 |
| B. Cash Flow From Investing Activities | | | | |
| Profit on Sale of Investments | - | | 8.52 | |
| Purchase of Fixed assets (including CWIP) | -48.75 | | -82.19 | |
| Sale of Fixed assets (including CWIP) | 30.00 | -18.75 | 49.85 | -23.82 |
| C. Cash Flow From Financing Activities | | | | |
| Proceeds from issue of Share Capital | - | | - | |
| Short Term Borrowings | 75.78 | | - | |
| Repayment of Short Term Borrowings | - | | - | |
| Interest Received | 60.13 | | 38.64 | |
| Dividends Received | - | | - | |
| Interest paid | -0.81 | 135.10 | -0.74 | 37.90 |
| Net Increase / Decrease in Cash & Cash Equivalent | | 74.99 | | 1,019.99 |
| Cash & Cash Equivalent at Commencement of the Year- Cash and bank balances | | 1,302.47 | | 282.48 |
| Cash & Cash Equivalent at end of the Year - Cash & Bank balances | | 1,377.46 | | 1,302.47 |

On behalf of the Board of Directors

This is the Balance Sheet referred
to in our report of event date
For SHANKER GIRI & PRABHAKAR
CHARTERED ACCOUNTANTS

Sd/-
SAMEER GOEL
Chairman

Sd/-
NARAYANAN VELLAYAN
Director

Sd/-
K.RANGAKRISHNAN
Partner

Place: Secunderabad
Date: 19-04-2021

Sd/-
JYOTIKA AASAT
Company Secretary

STATEMENT OF CHANGES IN EQUITY

Statement of Changes in Equity for the year ended 31/03/2021

A. Equity Share Capital

| | Number of Shares | Amount (Rs) |
|--|-----------------------|------------------------|
| Balance as at April 1, 2018 | 1,00,00,000.00 | 10,00,00,000.00 |
| Changes in equity share capital during F.Y 18-19 | - | - |
| Balance as at March 31, 2019 | 1,00,00,000.00 | 10,00,00,000.00 |
| Changes in equity share capital during F.Y 19-20 | - | - |
| Balance as at March 31, 2020 | 1,00,00,000.00 | 10,00,00,000.00 |
| Changes in equity share capital during F.Y 20-21 | - | - |
| Balance as at Mar 31, 2021 | 1,00,00,000.00 | 10,00,00,000.00 |

B. Other Equity -Reserves & Surplus

Rupees in Lakhs

| | Acturial Gain/loss | Retained Earnings | Total Other Equity |
|--|--------------------|-------------------|--------------------|
| Balance at March 31, 2019 | -0.36 | 1,537.26 | 1,536.90 |
| Profit for F.Y 19-20 | - | 25.30 | 25.30 |
| Other comprehensive income for the year, net of income tax | -0.33 | - | -0.33 |
| Dividends | - | - | - |
| Transfer to retained earnings | - | - | - |
| Any other change (to be specified) | - | - | - |
| Balance at March 31, 2020 | -0.69 | 1,562.56 | 1,561.87 |
| Profit for F.Y 20-21 | - | 179.73 | 179.73 |
| Other comprehensive income for the year, net of income tax | 1.48 | - | 1.48 |
| Dividends | - | - | - |
| Transfer to retained earnings | - | - | - |
| Any other change (to be specified) | - | - | - |
| Balance at the end of the reporting period | 0.79 | 1,742.29 | 1,743.08 |

On behalf of the Board of Directors

This is the Balance Sheet referred
to in our report of event date
For SHANKER GIRI & PRABHAKAR
CHARTERED ACCOUNTANTS

Sd/-
SAMEER GOEL
Chairman

Sd/-
NARAYANAN VELLAYAN
Director

Sd/-
K.RANGAKRISHNAN
Partner

Place: Secunderabad
Date: 19-04-2021

Sd/-
JYOTIKA AASAT
Company Secretary

COROMANDEL_SOM (INDIA) PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Note:1

PROPERTY PLANT & EQUIPMENT:

| Particulars | Cost | | | | Depreciation | | | Written Down Value | | |
|--------------------------------------|--------------------|--------------|--------------|--------------------|--------------------|---------------|-------------|--------------------|--------------------|--------------------|
| | As at 01-Apr-20 | Additions | Deletions | As at 31-Mar-21 | As at 01-Apr-20 | Additions | Deletions | As at 31-Mar-21 | As at 31-Mar-20 | As at 31-Mar-19 |
| | Rs (Lakhs) | Rs (Lakhs) | Rs (Lakhs) | Rs (Lakhs) | Rs (Lakhs) | Rs (Lakhs) | Rs (Lakhs) | Rs (Lakhs) | Rs (Lakhs) | Rs (Lakhs) |
| Factory Buildings * | 393.98 | - | - | 393.98 | 187.60 | 27.18 | - | 179.20 | 206.38 | 302.42 |
| Office Buildings ** | 61.46 | - | - | 61.46 | 31.32 | 4.51 | - | 25.63 | 30.14 | 54.53 |
| Plant & Machinery | 481.89 | 13.14 | - | 495.03 | 329.09 | 12.33 | - | 153.61 | 152.80 | 170.03 |
| Electrical Installations | 50.50 | - | - | 50.50 | 37.72 | 6.04 | - | 6.74 | 12.78 | 17.35 |
| Office Equipments | 7.45 | 21.78 | - | 29.23 | 4.79 | 0.99 | - | 23.45 | 2.66 | 2.06 |
| Factory Equipments | 20.53 | - | - | 20.53 | 20.04 | 0.06 | - | 0.43 | 0.49 | 19.77 |
| Furniture & Fixtures | 9.55 | - | - | 9.55 | 3.11 | 1.02 | - | 5.42 | 6.44 | 6.97 |
| Computers | 18.92 | 0.79 | - | 19.71 | 14.35 | 2.30 | - | 3.06 | 4.57 | 4.81 |
| Motor Cars | - | - | - | - | - | - | - | - | - | 10.95 |
| TOTAL - (A) | 1,044.28 | 35.71 | - | 1,079.99 | 628.02 | 54.43 | - | 397.54 | 416.26 | 588.89 |
| Capital Work-In-Progress -(B) | 17.34 | 13.05 | 29.99 | 0.40 | - | - | - | 0.40 | 17.34 | 24.15 |
| Grand Total (A+B) | 1,061.62 | 48.76 | 29.99 | 1,080.39 | 628.02 | 54.43 | - | 397.94 | 433.60 | 613.04 |
| Previous Year Mar 2020 | 1,031.75 | 82.20 | 52.33 | 1,061.62 | 418.74 | 210.15 | 0.88 | 433.60 | 613.04 | |

COROMANDEL SQM (INDIA) PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

| | As at 31st Mar 2021 | As at 31st Mar 2020 |
|---|--------------------------------|--------------------------------|
| | Rs (Lakhs) | Rs (Lakhs) |
| Note 2 | | |
| <u>Other financial assets</u> | | |
| Financial assets carried at amortised cost | | |
| Deposits | 2.57 | 2.34 |
| | 2.57 | 2.34 |
| | 2.57 | 2.34 |
| Note 3 | | |
| <u>Inventories:</u> | | |
| Raw Materials at Cost | | |
| Physical Stock | 244.09 | 270.15 |
| Goods-in-transit | 362.09 | 242.59 |
| Packing Materials at Cost | 39.56 | 21.37 |
| Work in Progress at Cost | 0.49 | 5.30 |
| Finished Goods at Cost at the lower of Cost and net realisable value | 39.18 | 129.20 |
| Traded Stocks at Cost at the lower of Cost and net realisable value | - | 200.74 |
| | 685.41 | 869.35 |
| | 685.41 | 869.35 |
| Note 4 | | |
| <u>Current investments</u> | | |
| Investment in Mutual Funds | - | - |
| | - | - |
| | - | - |
| Note 5 | | |
| <u>Trade Receivables:</u> | | |
| Unsecured - Considered Good | | |
| Considered Good | 943.41 | 747.14 |
| Considered Doubtful | - | - |
| | 943.41 | 747.14 |
| Less: Provision for Doubtful Debts | - | - |
| | 943.41 | 747.14 |
| | 943.41 | 747.14 |

The credit period on sales of goods ranges from Advance to 90 days. No interest is recovered on trade receivables for payments received after the due date.

The above receivables includes an amount of Rs.897.29 Lakhs (as on 31.03.2020 - Rs. 520.27 Lakhs) due from Coromandel International Limited which is related party,

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 periodical basis.

COROMANDEL SQM (INDIA) PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

As at
31st Mar 2021
Rs (Lakhs)

As at
31st Mar 2020
Rs (Lakhs)

The Company maintains an allowance for impairment of doubtful accounts based on financial condition of the customer, ageing of the customer accounts receivable, available collateral and historical experience of collections from customers.

The company maintains an expected credit loss (%) as '0', from the above outstanding due. By considering the past years there is no major impact on company due to bad debts.

Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which the Company has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Movement in the allowance for doubtful debts

| | As at 31st Mar 2021 Rs (Lakhs) | As at 31st Mar 2020 Rs (Lakhs) |
|--|--------------------------------------|--------------------------------------|
| Balance at beginning of the year | - | - |
| Impairment losses recognised on receivables | - | - |
| Amounts written off during the year as uncollectible | - | - |
| Amounts recovered during the year | - | - |
| Impairment losses reversed | - | - |
| Balance at end of the year | - | - |

The concentration of risk with respect to trade receivables is low, as the major products are marketed by means of an exclusive marketing arrangement with Coromandel International Ltd through their dealers.

Note 6

Cash and Cash Equivalents:

| | | |
|---|-----------------|-----------------|
| Cash on hand | - | - |
| Bank Balances - Current Account | 30.31 | 209.79 |
| Bank Balances - Fixed Deposit Account | - | - |
| Having Maturity period of less than 12 months | 1,347.15 | 1,092.68 |
| | <u>1,377.46</u> | <u>1,302.47</u> |

Note 7

Other Current Assets

| | | |
|----------------------------------|---------------|---------------|
| Unsecured - Considered Good | | |
| Advances to Suppliers | 14.94 | 7.91 |
| Prepaid expenses | 12.66 | - |
| Advance payment to Gratuity Fund | 17.62 | 13.31 |
| Receivable - Others* | 17.07 | 13.84 |
| Balance GST Credits | 196.11 | 94.85 |
| | <u>258.40</u> | <u>129.91</u> |

Note 8

Current Tax Asset:

| | | |
|---|--------------|-------------|
| Advance Payment of Tax (Net of Provision for Tax Rs. 599.22 (31.03.2020 Rs.549.79)) | 16.49 | 9.79 |
| | <u>16.49</u> | <u>9.79</u> |

COROMANDEL SQM (INDIA) PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

| | | |
|--|----------------------|----------------------|
| | As at | As at |
| | 31st Mar 2021 | 31st Mar 2020 |
| | Rs (Lakhs) | Rs (Lakhs) |

Note 9

9.1 Share Capital:

Authorised

| | | |
|--|----------|----------|
| 10000000 Equity Shares of Rs.10/= each | 1,000.00 | 1,000.00 |
|--|----------|----------|

Issued Subscribed and Paid up

| | | |
|--|----------|----------|
| 10000000 Equity Shares of Rs.10/= each | 1,000.00 | 1,000.00 |
| | 1,000.00 | 1,000.00 |

9.2 Reconciliation of number of equity shares and amount outstanding at the beginning and at the end of the year:

| Particulars | Numbers of Shares | Amount (Rs. Lakhs) |
|------------------------------------|-------------------|--------------------|
| Balance as at 1 April 2019 | 10,00,000.00 | 1,000.00 |
| Add: Issued during the period | - | - |
| Balance as at 31 March 2019 | 10,00,000.00 | 1,000.00 |
| Add: Issued during the period | - | - |
| Balance as at 31 March 2020 | 10,00,000.00 | 1,000.00 |
| Add: Issued during the period | - | - |
| Balance as at 31 Mar 2021 * | 10,00,000.00 | 1,000.00 |

9.3 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 `Rs.10/-

9.4 Share Holding more than 5% of the shares :

As at 31 Mar 2021 Coromandel International Limited holds 1,00,00,000 (31/03/2020 : 5,000,000) equity shares of `Rs.10/- each fully paid-up representing 100% of the paid up capital and Souquimich European Holdings B V held 0 (31/03/2020 : 5,000,000) equity shares of `Rs.0/- each fully paid-up representing 0% of the paid up capital.

* : Note during the Year Coromandel International acquired 50,00,000 Shares held by Soquimich European Holdings B V on 31/08/2020.

Note 10

Other Equity:

Retained Earnings

Surplus in Statement of Profit and Loss

| | | |
|---|----------|----------|
| Balance at the beginning of the year | 1,562.56 | 1,537.26 |
| Add : Net Profit after tax for the year | 179.73 | 25.30 |
| | 1,742.29 | 1,562.56 |

Retained earnings represents the Company's undistributed earnings after taxes.

Reameasurement of the net defined benefit plans

| | | |
|--|-------|-------|
| Balance at the beginning of the year | -0.69 | -0.36 |
| Add : Actuarial gain/(loss) recognised | 1.48 | -0.33 |
| | 0.79 | -0.69 |

COROMANDEL SQM (INDIA) PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

| | As at 31st Mar 2021 | As at 31st Mar 2020 |
|---------------------------------|---|------------------------|
| | Rs (Lakhs) | Rs (Lakhs) |
| Note 11 | | |
| Short Term Borrowings: | | |
| Secured Loans | | |
| From Bank | | |
| Working Capital Demand Loan | 75.78 | - |
| | 75.78 | - |
| Security | First Charge on the Current Assets of the Company. | |
| Terms of repayment | Payable on Demand | |
| Interest | As mutually agreed between Company and Bank from time to time | |
| Breach of Loan Agreement | There is no breach of loan agreement. | |

Note 12

Trade Payables:

| | | |
|---|--------|--------|
| Sundry Creditors | | |
| (a) Related Parties | | |
| Coromandel International Limited | 328.75 | 78.30 |
| SQM Europe-NV | - | 435.05 |
| | 328.75 | 513.35 |
| (b) Due to Micro Small and Medium Enterprises | - | - |
| (c) Others | 443.36 | 310.79 |
| | 772.11 | 824.14 |

* There are no interest outstanding to Micro Small and Medium Enterprises as on 31/03/2021. (31.03.2020 Rs.NIL).

Note 13

Other Financial Liabilities:

Financial liabilities mandatorily measured at fair value through profit or loss (FVTPL)

| | | |
|-------------------------------------|---|---|
| Financial Liabilities - Derivatives | - | - |
|-------------------------------------|---|---|

Financial liabilities carried at amortised cost

| | | |
|--------------------------|---|---|
| Interest Accrued and Due | - | - |
|--------------------------|---|---|

| | | |
|--|---|---|
| | - | - |
| | - | - |

Note 14

Other Current Liabilities:

| | | |
|--|-------|--------|
| Advance from Customers | 0.39 | 0.34 |
| Other Payables (including statutory remittances) | 89.07 | 103.19 |
| | 89.46 | 103.53 |

COROMANDEL SQM (INDIA) PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

| | As at 31st Mar 2021 Rs (Lakhs) | As at 31st Mar 2020 Rs (Lakhs) |
|----------------------------|--------------------------------------|--------------------------------------|
| Note 15 | | |
| Provisions: | | |
| Provision for Gratuity | - | - |
| Provision for Leave Salary | 5.42 | 6.47 |
| | 5.42 | 6.47 |

Note :16

16.1 Current Tax Liabilities:

| | | |
|---|---|---|
| Provision for Taxation (Net of Advance Tax) Rs. 615.72 Lacs (31.03.2020 Rs.549.79) | - | - |
| | - | - |

16.2 Deferred tax Liabilities / (Assets) (net)

| | | |
|---|--------------|--------------|
| Deferred tax liabilities/(assets) in relation to: | | |
| Property, plant and equipment | -2.81 | 0.22 |
| Provision for doubtful debts | - | - |
| Employees separation and retirement costs | -1.36 | -1.63 |
| Others | - | - |
| | -4.17 | -1.41 |

16.3 Reconciliation of tax expense to the accounting profit is as follows:

| | For the Period Ended 31st March 2021 | For the Period Ended 31st March 2020 |
|---|---|---|
| Accounting profit before tax | 236.18 | 44.60 |
| Tax expense at statutory tax rate of 25.17% (31/03/2020 25.17%) | 59.45 | 11.23 |
| Adjustments: | | |
| Effect of income that is exempt from tax | - | - |
| Effect of expenses that are not deductible in determining taxable profit | 13.69 | 56.93 |
| Effect of change in tax rate | - | - |
| Others | -13.92 | -14.85 |
| Tax expense reported in the Statement of Profit and Loss | 59.22 | 53.31 |

Note 17

Revenue from Operations

| | | |
|---------------------------------|-----------------|-----------------|
| Sales (Gross) | 5,112.22 | 5,803.45 |
| Other Operating Revenue | - | 19.80 |
| | 5,112.22 | 5,823.25 |
| Other Operating Revenue: | | |
| Commission Received | - | 19.80 |
| | - | 19.80 |

COROMANDEL SQM (INDIA) PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

| | As at 31st Mar 2021 | As at 31st Mar 2020 |
|---|--------------------------------|--------------------------------|
| | Rs (Lakhs) | Rs (Lakhs) |
| Note 18 | | |
| <u>Other Income:</u> | | |
| Interest received | 60.13 | 38.64 |
| Dividend Income | - | - |
| Profit On Sale Of Fixed Assets | - | - |
| Profit On Sale Of Investment | - | 8.52 |
| Exchange Gain | 36.57 | - |
| Miscellaneous Income | 21.63 | 10.71 |
| Creditors Written Back | - | - |
| | 118.33 | 57.87 |
| | 118.33 | 57.87 |
| Note 19 | | |
| <u>Cost of Materials Consumed:</u> | | |
| Raw Materials, Packing Materials etc., | | |
| Opening stock | 534.11 | 723.81 |
| Add : Purchases | 4,365.20 | 2,884.14 |
| | 4,899.31 | 3,607.95 |
| Less :Closing stock | -645.75 | -534.11 |
| | 4,253.56 | 3,073.84 |
| | 4,253.56 | 3,073.84 |
| Note 20 | | |
| Purchase of Stock in Trade | 112.99 | 1,597.57 |
| | 112.99 | 1,597.57 |
| Note 21 | | |
| <u>Changes in Inventories:</u> | | |
| <u>Inventories at the beginning of the year:</u> | | |
| Finished Goods | 129.20 | 366.04 |
| Work in Progress | 5.30 | 27.93 |
| Traded Goods | 200.74 | 433.54 |
| | 335.24 | 827.51 |
| Inventories as at 31/03/2021 | | |
| Finished Goods | 39.18 | 129.20 |
| Work in Progress | 0.49 | 5.30 |
| Traded Goods | - | 200.74 |
| | 39.67 | 335.24 |
| | 295.57 | 492.27 |

COROMANDEL SQM (INDIA) PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

| | <u>As at</u> <u>31st Mar 2021</u> Rs (Lakhs) | <u>As at</u> <u>31st Mar 2020</u> Rs (Lakhs) |
|---|--|--|
| <u>Note 22</u> | | |
| <u>Employee Benefit Expenses:</u> | | |
| Salaries, Wages and Bonus | 110.89 | 155.07 |
| Contribution to Funds | 5.14 | 9.13 |
| Staff Welfare | 5.99 | 11.51 |
| | 122.02 | 175.71 |
| | 122.02 | 175.71 |
| <u>Note 23</u> | | |
| <u>Finance Charges:</u> | | |
| Interest On Loans | 0.81 | 0.74 |
| Other Interest | - | - |
| Bank Charges | 1.06 | 1.40 |
| | 1.87 | 2.14 |
| | 1.87 | 2.14 |
| <u>Note 24</u> | | |
| <u>Depreciation and Amortisation Expense</u> | | |
| Depreciation of property, plant and equipment | 54.43 | 210.15 |
| | 54.43 | 210.15 |
| | 54.43 | 210.15 |
| <u>Note 25</u> | | |
| <u>Other Expenses:</u> | | |
| Power & Fuel | 14.74 | 14.62 |
| Rent | 11.74 | 15.84 |
| Rates & Taxes | 2.18 | 12.56 |
| Insurance | 1.77 | 22.81 |
| Printing & Stationery | 0.80 | 0.72 |
| Postage, Telephone & Internet | 2.42 | 1.98 |
| Travelling & Conveyance | 2.24 | 41.87 |
| Repairs & Maintenance | 62.45 | 52.52 |
| Advertisement & Sales Promotion | 0.98 | 1.67 |
| Professional & Consultancy | 43.36 | 44.75 |
| Audit Fees | 6.10 | 5.90 |
| Loss on Sale of Fixed Assets | - | 1.59 |
| Difference in Exchange | - | 43.60 |
| Miscellaneous Expenses | 5.15 | 24.41 |
| | 153.93 | 284.84 |
| | 153.93 | 284.84 |

COROMANDEL SQM (INDIA) PRIVATE LIMITED

NOTE:27

Accompanying Notes to Financial Statements for the Year Ended 31st March 2021:

1 General information

Coromandel SQM (India) Private Limited (“the Company”) is a private limited company incorporated under the Companies Act in India. It is a subsidiary of Coromandel International Limited, holding 100% of the Paid up Share Capital of the Company.

The address of its registered office and principal place of business are disclosed in the annual report.

The Company has one manufacturing facilities located in Kakinada, Andhra Pradesh for Manufacture of Water SoluableFertilisers.

2 Significant Accounting Policies:

2.1 Statement of compliance

The standalone financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

2.2 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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies are set out below.

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

2.3.1 Sale of goods

- Sale of goods is recognized net of returns and trade discounts, when the control over the goods is transferred to the customers. Revenue is also recognized on sale of goods in case where the delivery is kept pending at the instance of the customer, the control is transferred and customer takes title and accepts billing as per usual payment terms.

2.3.2 Rendering of services

- Income from services rendered is recognized based on the agreements/arrangements with the concerned parties and when services are rendered.

2.3.3 Dividend and interest income

- Dividend income from investments is recognized in the year in which the right to receive the payment is established.

- Interest income from a financial asset is recognized 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.

2.3.4 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.

2.4 Leasing

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset. At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases.

2.5 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.

2.6 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.

2.7 Employee benefits

2.7.1 Defined contribution plans

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

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

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

2.7.2 Defined benefit plans

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. 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 not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. 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.

The retirement benefit obligation recognised in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plans. Surplus resulting from this calculation is limited to the present value of any economic benefits available in the form reductions in future contributions to the plans.

2.7.3 Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2.7.4 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.

2.8 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.

2.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

- **Current tax**

Current tax represents tax currently payable based on taxable profit for the year determined in accordance with the provisions of the Income tax Act, 1961. Taxable profit differs from ‘profit before tax’ as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

- **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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.10 Property, plant and equipment

Plant and machinery, Land and buildings and other items of plant and equipment’s held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes purchase price, attributable expenditure incurred in bringing the asset to its working condition for the intended use and professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act 2013, 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 etc.

| Asset | Useful lives (in years) |
|-------------------|----------------------------|
| Factory Buildings | 15 |
| Office Buildings | 15 |

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 INR 5,000 and below are depreciated over a period of one year.

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.

2.11 Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Packing materials are valued at or below cost. Raw materials and other inventories are valued at lower of cost and net realizable value. The method of determination of cost of various categories of inventories is as follows:

1. Raw materials & Packing materials – First-in-First-out basis. Cost includes purchase cost and other attributable expenses.
2. Finished goods and Work-in-process – Weighted average cost of production which comprises of direct material costs, direct wages and applicable overheads.
3. Stock-in-trade – First-in-First-out basis

2.12 Provisions, Contingent liabilities and Contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

A contingent asset is a possible asset that may arise because of a gain that is contingent on future events that are not under an entity's control. Existence of the contingent asset is required to be disclosed when the inflow of economic benefits is probable.

2.13 Financial instruments

Financial assets and financial liabilities are recognized 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.

2.14 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.

2.15 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 27, 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 Capital Commitments

Estimated amount of contracts remaining to be executed on capital account not provided for Rs. 0.39Lacs(2019-20-Rs.4.80 Lacs)

4 Contingent Liabilities

Other monies for which the company is contingently liable:

- (a) Bank Guarantees –-Rs.3.75Lacs (2019-20Rs.3.75 Lacs)
 (b) Letter of Credit -- Rs. NIL (2019-20Rs.NIL)

5 Particulars of Purchases, Sales and Inventory

| | | Purchases | Sales | Closing Stock | Opening Stock |
|-------------------------------|--|-------------|-------------|---------------|---------------|
| | | Rs. (Lakhs) | Rs. (Lakhs) | Rs. (Lakhs) | Rs. (Lakhs) |
| (a) Manufactured Goods | | | | | |
| | NPK - Water Soluble Fertilisers | | | | |
| | 2020-2021 | - | 4753.65 | 39.18 | 129.20 |
| | 2019-2020 | - | 3805.44 | 129.20 | 366.04 |
| (b) Traded Goods | | | | | |
| | Potassium Nitrate | | | | |
| | 2020-2021 | 99.67 | 343.69 | - | 200.74 |
| | 2019-2020 | 1570.50 | 1963.23 | 200.74 | 433.54 |
| | Micronutrients & Others | | | | |
| | 2020-2021 | 13.32 | 14.88 | - | - |
| | 2019-2020 | 26.67 | 34.78 | - | - |

6 Particulars of Consumption of Materials

| Name of the Product | For the Period ended 31 March 2021 | For the Period ended 31 March 2020 |
|-------------------------------------|---------------------------------------|---------------------------------------|
| MONO AMMONIUM PHOSPATE | 1040.11 | 805.16 |
| POTTASium NITRATE | 1899.09 | 1531.21 |
| SULPHATE OF POTASH | 278.33 | 233.79 |
| UREA | 282.49 | 240.07 |
| MKP | 43.61 | 9.84 |
| Others (including packing material) | 709.93 | 253.77 |
| | 4253.56 | 3073.84 |

7 Value of Imports calculated on C.I.F Basis

| Expenditure | For the Period ended 31 March 2021 | For the Period ended 31 March 2020 |
|-------------|---------------------------------------|--|
| | | |

| | | |
|----------------|----------|---------|
| Raw materials | 2,843.69 | 1963.86 |
| Stock-in-trade | 280.19 | 1591.01 |

8 Expenditure in Foreign Currency

| Expenditure | For the Period ended 31 March 2021 | For the Period ended 31 March 2020 |
|----------------|---------------------------------------|---------------------------------------|
| Foreign Travel | - | - |

9 Consumption of Raw Materials

| Particulars | % of total consumption | For the Period ended 31 March 2021 | % of total consumption | For the Period ended 31 March 2020 |
|----------------------|---------------------------|---------------------------------------|---------------------------|---------------------------------------|
| Raw Materials | | | | |
| Imported | 76.79% | 3,261.13 | 74.55% | 2,291.56 |
| Indigenous | 23.21% | 985.79 | 25.45% | 782.28 |
| TOTAL | | 4,246.92 | 100.00% | 3,073.84 |

10 Earnings in Foreign Exchange

| Expenditure | For the Period ended 31 March 2021 | For the Period ended 31 March 2020 |
|---------------------------|---------------------------------------|---------------------------------------|
| Commission Income | - | 26.41 |
| Discount Received | 11.25 | - |
| Reimbursement of Expenses | - | - |

11 Contribution to Provident Fund

| Expenditure | For the Period ended 31 March 2021 | For the Period ended 31 March 2020 |
|-----------------------|---------------------------------------|---------------------------------------|
| Employer Contribution | 2.89 | 2.48 |
| Employee Contribution | 5.07 | 5.74 |

12 Rent Payments

| Expenditure | For the Period ended 31 March 2021 | For the Period ended 31 March 2020 |
|------------------------------|---------------------------------------|---------------------------------------|
| Rent for Land taken on Lease | 11.74 | 12.17 |

13 Related Party Disclosures

Information relating to Related Party Transactions as per Ind AS24 notified under Section 133 of the Act.

a. Names of the Related Parties and their Relationship:

| | Name of the Related Party | Nature of relationship |
|----|--|--|
| 1 | Coromandel International Ltd. (Coromandel) | Joint Venture Partner till 31.08.2020, Holding Company from 01.09.2020 onwards |
| 2 | Soquimich European Holdings B.V (SQM) | Joint Venture Partner till 31.08.2020 |
| 3 | SQM –Europe N.V | Associate of Joint Venture Partner till 31.08.2020. |
| 4 | SQM –Industrial –S.A. | Associate of Joint Venture Partner till 31.08.2020. |
| 5 | SQM (Beijing) Commercial Co Ltd | Associate of Joint Venture Partner till 31.08.2020. |
| 6 | Charlee SQM (Thailand) Co. Ltd. | Associate of Joint Venture Partner till 31.08.2020. |
| 7 | SQM Thailand Ltd. | Associate of Joint Venture Partner till 31.08.2020. |
| 8 | SQM VITAS FZCO | Associate of Joint Venture Partner till 31.08.2020. |
| 9 | SAMEER GOEL | CHAIRMAN |
| 10 | NARAYNAN VELLAYAN | DIRECTOR |
| 11 | PATRICK CHARLES PHILOMENA VANBENEDEN | DIRECTOR |
| 12 | DE MAREZ EMMANUEL DOMINIQUE | DIRECTOR |
| 13 | COROMANDEL PF TRUST | PF TURST |
| 14 | COROMANDEL GRATUITY FUND | GRATUITY TRUST |

b. Transactions During the Year:

| Particulars | For the Period ended 31 Mar 2021 | For the Period ended 31 Mar 2020 |
|---|----------------------------------|----------------------------------|
| i) Sale of finished goods/raw materials/services | | |
| a) Joint Venture – Coromandel | 4,903.88 | 4,161,62 |
| b) Joint Venture - Associates of SQM | - | - |
| ii) Rent paid | | |
| a) Joint Venture – Coromandel | 41.48 | 4.02 |
| b) Joint Venture - Associates of SQM | - | - |
| iii) Reimbursement of Expenses | | |
| a) Joint Venture – Coromandel | 51.21 | 9.75 |
| b) Joint Venture - Associates of SQM | - | - |
| iv) Reimbursements Received | | |

| | | |
|---|--------|----------|
| a) Joint Venture – Coromandel | - | - |
| b) Joint Venture - Associates of SQM | - | - |
| v) Purchase of finished goods/raw materials/services | | |
| a) Joint Venture – Coromandel | 746.00 | 239.43 |
| b) Joint Venture - Associates of SQM | 455.19 | 2,604.16 |
| vi) Commission on sales | | |
| a) Joint Venture – Coromandel | | |
| b) Joint Venture - Associates of SQM | - | - |
| | - | 26.41 |
| vii) Contribution made to Trust | | |
| a) Coromandel PF | | |
| b) Coromandel Gratuity | 12.79 | 13.98 |
| | - | 3.23 |

c. Outstanding Balances as at 31st March 2021:

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| a) Trade receivables/Loans and advances | | |
| COROMANDEL INTERNATIONAL LIMITED | 897.29 | 520.58 |
| b) Trade payables/ Other liabilities | | |
| SQM EUROPE –NV | - | 435.05 |
| SQM (THAILAND)LIMITED | - | - |
| COROMANDEL INTERNATIONAL LIMITED | 328.75 | 78.30 |

14 Deferred Tax:

Net Deferred Tax Liability as shown below has been considered in these accounts.

| Particulars | 2020-21 Rs(Lakhs) | 2019-20 Rs(Lakhs) |
|--|----------------------|----------------------|
| a) Deferred Tax Asset | | |
| Employee Separation & Retirement Cost. | -1.36 | 1.63 |
| Other Timing Differences -Preliminary Expenses | - | - |
| Provision for Doubtful Debts | - | - |
| Total | -1.36 | 1.63 |
| b) Deferred Tax Liability | | |
| Depreciation | -2.81 | -0.22 |
| c) Net Deferred Tax Asset / (Liability) | -4.17 | 1.41 |

15 Employee Benefits:

The Company has adopted Ind AS 19 “Employee Benefits”. The following table sets forth the status of the Gratuity Plan of the Company and the amounts recognized in the Balance Sheet and Profit and Loss Account.

| | Actuarial Calculations as per Indian Accounting Standard (Ind AS) 19 | Projected Unit Credit Method | Projected Unit Credit Method |
|-----------|--|------------------------------|------------------------------|
| | Method: Projected Unit Credit Method | 2020-21 | 2019-20 |
| | Period Covered | 31-03-2021 | 31-03-2020 |
| A. | Change in defined benefit obligation | 5.09 | 10.94 |
| 1. | Defined benefit obligation at beginning of period | | |
| 2. | Service cost | 1.20 | 1.88 |
| | a. Current service cost | - | - |
| | b. Past service cost | - | - |
| | c. (Gain) / loss on settlements | 0.35 | 0.53 |
| 3. | Interest expenses | | |
| 4. | Cash flows | - | -8.37 |
| | a. Benefit payments from plan | - | - |
| | b. Benefit payments from employer | - | - |
| | c. Settlement payments from plan | - | - |
| | d. Settlement payments from employer | | |
| 5. | Remeasurements | | |
| | a. Effect of changes in demographic assumptions | - | - |
| | b. Effect of changes in financial assumptions | 0.03 | 0.43 |
| | c. Effect of experience adjustments | -1.86 | -0.32 |
| 6. | Transfer In /Out | | |
| | a. Transfer In | - | - |
| | b. Transfer out | - | - |
| 7. | Defined benefit obligation at end of period | 4.81 | 5.09 |
| B. | Change in fair value of plan assets | 31-03-2021 | 31-03-2020 |
| 1. | Fair value of plan assets at beginning of period | 18.64 | 22.39 |
| 2. | Interest income | 1.41 | 1.61 |
| 3. | Cash flows | | |
| | a. Total employer contributions | | |
| | (i) Employer contributions | 2.40 | 3.23 |
| | (ii) Employer direct benefit payments | - | - |
| | (iii) Employer direct settlement payments | - | - |
| | b. Participant contributions | - | - |
| | c. Benefit payments from plan assets | - | -8.37 |
| | d. Benefit payments from employer | - | - |
| | e. Settlement payments from plan assets | - | - |
| | f. Settlement payments from employer | - | - |
| 4. | Remeasurements | | |
| | a. Return on plan assets (excluding interest income) | -0.02 | -0.22 |
| 5. | Transfer In /Out | | |
| | a. Transfer In | - | - |
| | b. Transfer out | - | - |
| 6. | Fair value of plan assets at end of period | 22.43 | 18.64 |
| C. | Amounts recognized in the Balance Sheet | 31-03-2021 | 31-03-2020 |

| | | | |
|----|---------------------------------------|--------|--------|
| 1. | Defined benefit obligation | 4.81 | 5.09 |
| 2. | Fair value of plan assets | -22.43 | -18.64 |
| 3. | Funded status | -17.62 | -13.55 |
| 4. | Effect of asset ceiling | - | - |
| 5. | Net defined benefit liability (asset) | 17.62 | 13.55 |

| D. | Components of defined benefit cost | 31-03-2021 | 31-03-2020 |
|-----------|---|-------------------|-------------------|
| 1. | Service cost | | |
| | a. Current service cost | 1.20 | 1.88 |
| | b. Past service cost | - | - |
| | c. (Gain) / loss on settlements | - | - |
| | d. Total service cost | 1.20 | 1.88 |
| 2. | Net interest cost | | |
| | a. Interest expense on DBO | 0.35 | 0.53 |
| | b. Interest (income) on plan assets | 1.41 | 1.61 |
| | c. Interest expense on effect of (asset ceiling) | - | - |
| | d. Total net interest cost | -1.06 | -1.08 |
| 3. | Remeasurements (recognized in OCI) | | |
| | a. Effect of changes in demographic assumptions | - | - |
| | b. Effect of changes in financial assumptions | 0.03 | 0.43 |
| | c. Effect of experience adjustments | -1.86 | -0.32 |
| | d. (Return) on plan assets (excluding interest income) | -0.02 | -0.22 |
| | e. Changes in asset ceiling (excluding interest income) | - | - |
| | f. Total remeasurements included in OCI | -1.81 | 0.33 |
| 4. | Total defined benefit cost recognized in P&L and OCI | -1.67 | 1.14 |

| E. | Re-measurement | 31-03-2021 | 31-03-2020 |
|-----------|----------------------------------|-------------------|-------------------|
| | a. Actuarial Loss/(Gain) on DBO | -1.83 | 0.11 |
| | b. Returns above Interest Income | -0.02 | -0.22 |
| | c. Change in Asset ceiling | - | - |
| | Total Re-measurements (OCI) | -1.81 | 0.33 |

| F. | Employer Expense (P&L) | 31-03-2021 | 31-03-2020 |
|-----------|-----------------------------------|-------------------|-------------------|
| | a. Current Service Cost | 1.20 | 1.88 |
| | b. Interest Cost on net DBO | -1.06 | -1.08 |
| | c. Past Service Cost | - | - |
| | d. Total P&L Expenses | 0.14 | 0.80 |

| G. | Net defined benefit liability (asset) reconciliation | 31-03-2021 | 31-03-2020 |
|-----------|---|-------------------|-------------------|
| 1. | Net defined benefit liability (asset) | -13.55 | -11.45 |
| 2. | Defined benefit cost included in P&L | 0.14 | 0.80 |
| 3. | Total remeasurements included in OCI | -1.81 | 0.33 |
| 4. | a. Employer contributions | -2.40 | -3.23 |
| | b. Employer direct benefit payments | | - |

| | | | |
|----|---|--------|--------|
| | c. Employer direct settlement payments | - | - |
| 5. | Net transfer | - | - |
| 6. | Net defined benefit liability (asset) as of end of period | -17.62 | -13.55 |

| H. | Reconciliation of OCI (Re-measurement) | 31-03-2021 | 31-03-2020 |
|----|--|------------|------------|
| 1. | Recognised in OCI at the beginning of period | 0.33 | - |
| 2. | Recognised in OCI during the period | -1.81 | 0.33 |
| 3. | Recognised in OCI at the end of the period | -1.48 | 0.33 |

| I. | Sensitivity analysis - DBO end of Period | 31-03-2021 | 31-03-2020 |
|----|--|------------|------------|
| 1. | Discount rate +100 basis points | 4.25 | 4.45 |
| 2. | Discount rate -100 basis points | 5.49 | 5.87 |
| 3. | Salary Increase Rate +1% | 5.45 | 5.82 |
| 4. | Salary Increase Rate -1% | 4.27 | 4.47 |
| 5. | Attrition Rate +1% | 4.72 | 4.95 |
| 6. | Attrition Rate -1% | 4.92 | 5.25 |

| J. | Significant actuarial assumptions | 31-03-2021 | 31-03-2020 |
|----|-----------------------------------|---------------------------|----------------------------|
| 1. | Discount rate Current Year | 6.8% | 6.9% |
| 2. | Discount rate Previous Year | 6.9% | 7.8% |
| 3. | Salary increase rate | 8.0% | 8.0% |
| 4. | Attrition Rate | 5.0% | 5.0% |
| 5. | Retirement Age | 58 | 58 |
| 6. | Pre-retirement mortality | IALM(2012-14) Ultimate | IALM (2012-14) Ultimate |
| 7. | Disability | Nil | Nil |

16 Segment Reporting

b) Business Segment:

The Company is engaged in the manufacture and sale of NPK grade Water Soluble Fertilisers and, trading in other Fertiliser Specialties which in the context of Ind AS 108 issued by the Institute of Chartered Accountants of India is considered as the only Operating Segment.

(b) Geographical Segment:

The Company sells its products mainly within India where the conditions prevailing are uniform and hence no separate Geographical Segment disclosure is considered necessary.

17 Earnings Per Share

| | For the Period ended 31 March 2021 | For the Period ended 31 March 2020 |
|--|---------------------------------------|---------------------------------------|
| | | |

| | | |
|---------------------------------------|--------|-------|
| Profit after tax as per P&L Statement | 179.73 | 25.30 |
| Earnings per Share – Basic | 1.80 | 0.25 |
| Earnings per Share – Diluted | 1.80 | 0.25 |

18 Other Matters

Based on the 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.

| S.No. | Particulars | As at 31 st March, 2021 | As at 31 st March, 2020 |
|-------|---|---------------------------------------|---------------------------------------|
| (i) | Principal amount due to suppliers under MSMED Act, as at the end of the year | - | - |
| (ii) | Interest accrued and due to Suppliers under MSMED Act on the above amount 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.

- 19 Previous figures have been regrouped wherever necessary in order to confirm to the classification adopted in these accounts.

SIGNATURES TO NOTE Nos. -: 1 to 27

For SHANKER GIRI & PRABHAKAR
Chartered Accountants

on Behalf of the Board

Sd/-
K RANGAKRISHNAN
Partner

Sd/-
SAMEER GOEL
Chairman

Sd/-
NARAYANAN VELLAYAN
Director

Place : Secunderabad
Date: 19.04.2021

Sd/-
JYOTIKA AASAT
Company Secretary

INDEPENDENT AUDITOR'S REPORT

To The Members of Coromandel International Limited Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Coromandel International Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified

under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sl.No. | Key Audit Matter | Auditor's Response |
|--------|--|--|
| 1 | <p>Revenue Recognition – Sale of goods</p> <p>Refer to note 2.3 'Revenue recognition', note 2.25.1 'Critical judgements in applying accounting policies' and note 2.25.2 'Key sources of estimation uncertainty' to the standalone financial statements.</p> <p>Revenue from sale of goods is recognised when the control of goods is transferred to the customers. In accordance with the accounting policy, control is transferred either when the product is delivered to the customer's site or when the product is shipped, depending on the applicable terms. The Management has exercised judgement in applying the revenue accounting policy while recognising revenue.</p> | <p>We have performed the following principal audit procedures in relation to revenue recognised.</p> <ul style="list-style-type: none"> • Understood the revenue recognition process, evaluated the design and implementation, and operating effectiveness of internal controls relating to revenue recognised. • Selected samples and tested the operating effectiveness of internal controls, relating to transfer of control. We carried out a combination of procedures involving enquiry, observation and inspection of evidence in respect of operation of these controls. • Tested the relevant information technology general controls, automated controls, and the related information used in recording and disclosing revenue. • In respect of the selected sample of transactions: <ul style="list-style-type: none"> o Tested whether the revenue is recognised upon transfer of control to customer. o We have evaluated the delivery and shipping terms of the contracts for revenue recognised during the period. |

| Sl.No. | Key Audit Matter | Auditor's Response |
|--------|--|--|
| 2 | <p>Accuracy, recognition, measurement, valuation, presentation and disclosures of Subsidy income/Government subsidies and related receivables</p> <p>Refer to note 2.3 'Revenue recognition' and note 2.25.2 'Key sources of estimation uncertainty' to the standalone financial statements.</p> <p>Subsidy income pertaining to the Nutrient and other allied business is recognised on the basis of the rates notified from time to time by the Department of Fertilisers, Government of India ('GOI') 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, when there is a reasonable assurance that the Company will comply with all necessary conditions attached to Subsidy including Direct Benefit Transfer ('DBT') System which was introduced by Government of India.</p> <p>For the year ended March 31, 2021, subsidy income of ₹ 332,468 lakhs is recognised. Recognition and realisability of subsidy income is dependent on GOI Policy and its various initiatives/schemes.</p> | <p>The following principal audit procedures have been performed by us in relation to subsidy income recognition.</p> <ul style="list-style-type: none"> o We have also tested the location stock reports from Company warehouses, where applicable, for confirmation on sales quantity made during the year. o We have tested on a sample basis (including for sales near to the period end) the acknowledgments of customers. In respect of sales of fertiliser products we have also agreed the quantities sold as per the Company books with the customer acknowledgements as per the iFMS portal of the Department of Fertilisers. <ul style="list-style-type: none"> • We have read the relevant circulars and notifications issued by GOI from time to time with regard to the subsidy policies. • We enquired with the relevant personnel in the Company with regard to the updates of GOI Policy and their interpretations of the relevant circulars and notifications. • Tested the relevant information technology general controls, automated controls, and the related information used in recording and disclosing subsidy income. • We have tested the NBS rates considered by the Company for the product subsidy with the applicable circulars and notifications. • We have correlated the sales quantity considered for subsidy income with the actual sales made by the Company. • We have also agreed the quantities sold as per the Company books with the customer acknowledgements as per the iFMS portal of the Department of Fertilisers and tested the DBT claims made by the Company. • We have enquired from the Management and discussed with Those Charged With Governance, the appropriateness of the subsidy rates applied to recognise subsidy income. <p>Valuation of subsidy receivables:</p> <p>Following are the principal audit procedures performed by us for testing valuation of subsidy receivables:</p> <ul style="list-style-type: none"> • We have analysed and discussed the status of outstanding subsidy receivables and its realisability with the Management. • We have tested the sanction notes received from the GOI for receipts. • We have tested the credits in the bank statements for the receipts during the year and also the subsequent receipts. • We have tested whether the deductions made by the GOI have been adjusted in the books of accounts. |

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report and Management Discussion and Analysis, but does not include

the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone 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 Ind AS and other accounting principles generally accepted in India. 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic

decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 relevant books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/payable by the Company to the Managing director during the year is in accordance with the provisions of Section 197 of the Act and the remuneration paid/payable in respect of the whole-time director is subject to the approval of shareholders in the ensuing general meeting of the Company.
- h) 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 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.
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)

Sumit Trivedi
(Partner)

Place: Secunderabad
Date: 29 April 2021

(Membership No. 209354)
UDIN: 21209354AAAAFO9734

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 March 31, 2021 in conjunction with our audit of the standalone 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 of the Company 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 March 31, 2021, based on the criteria for internal financial control over financial reporting 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)

Sumit Trivedi
(Partner)

Place: Secunderabad
Date: 29 April 2021

(Membership No. 209354)
UDIN: 21209354AAAAFO9734

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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, except the following:

| Particulars | Carrying Amount (₹ in Lakhs) | Remarks |
|---------------|------------------------------|--|
| Freehold land | 75 | 446.92 acres of land located at Pattamadai is pending registration in the name of the Company. |

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 | Carrying Amount (₹ in Lakhs) | Remarks |
|----------------|------------------------------|--|
| Leasehold Land | 17 | Lease deed in respect of land admeasuring 3.52 acres at Madri, Udaipur taken on lease is pending to be transferred in the name of the Company. |
| Leasehold Land | 22,615 | Lease deed in respect of land admeasuring 321.22 acres at Vishakhapatnam is pending to be executed. |

- (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) According to the information and explanations given to us, the Company has granted 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, in respect of which:
- (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
- (b) The loans granted by the Company are repayable on demand.
- (c) There is no overdue amount remaining outstanding as at the balance sheet date.
- (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 falling within the purview of the provisions of Section 73 to 76 of the Companies Act, 2013. There are no unclaimed deposits.
- (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 generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at 31 March 2021 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, Value Added Tax and Cess which have not been deposited as on 31 March 2021 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 | 2016-17 | 46 | 46 |
| 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 |
| | | Special Joint Commissioner | 2012-13 | 2 | 2 |
| | | Assistant Commissioner | 2002-03 | * | * |
| Andhra Pradesh General Sales Tax Act, 1957 | Sales tax | Additional Commissioner Legal | 1995-1996 to 1997-1998 | 27 | 27 |
| | | Sales Tax Appellate Tribunal | 2013-14 | 14 | 14 |
| 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 (Appeals) | 2013-2014 | 2 | 1 |
| Gujarat Value Added Tax Act, 2003 | Sales tax | Appellate Deputy Commissioner (Appeals) | 2012-2013 | 3 | 3 |
| | | Joint Commissioner (Appeals) | 2010-2011 | 5 | 5 |
| | | Sales Tax Appellate Tribunal | 2008-2009 to 2010-2011 | 91 | 91 |
| Rajasthan Value Added Tax Act, 2003 | Sales tax | Appellate Deputy Commissioner (Appeals) | 2010-2011 to 2012-2013 | 27 | 27 |
| Maharashtra Value Added Tax Act 2002 | Sales tax | Appellate Joint Commissioner | 2014-2015 | 14 | 14 |
| Electricity Supply Act, 1948 | Electricity Cess | High Court for the State of Telangana | 2003-2004 to 2013-2014 | 293 | 293 |
| Central Excise Act, 1944 | Excise duty | High Court for the State of Telangana | 2003 to 2007 | 368 | 368 |
| | | High Court of Madras | 2001-2003 | 7 | 7 |
| | | Assistant Commissioner | 2009-2010 | 15 | 14 |
| | | Commissioner (Appeals) | 2008-2009 to 2016-2017 | 146 | 145 |
| | | Commissioner | 2004-2005 & 2009-2010 | 3 | 3 |

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| 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 2011-2012 & 2016-2017, 2018-2019 | 55 | 50 |
| | | Commissioner of Customs (Appeals) | 2005-2006 to 2010-2011 | 344 | 321 |
| | | High Court for the State of Telangana | 2018-2019 | 461 | 461 |
| Central Goods and Service Tax Act, 2017 | GST | Additional Commissioner (Appeals) | 2017-2018 | 32 | 32 |
| The Finance Act, 1994 | Service tax | Commissioner (Appeals) | 2014-2015 to 2017-2018 | 21 | 21 |
| | | CESTAT | 2009-2010 to 2016-2017 | 269 | 248 |

* less than a lakh

- (viii) In our opinion and according to the information and explanations given to us, 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) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (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 remuneration payable/paid by the Company to the Managing director during the year is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013 and the remuneration paid/payable to the whole-time director is subject to the approval of shareholders in the ensuing general meeting of the Company.
- (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 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)

Sumit Trivedi
(Partner)

(Membership No. 209354)
UDIN: 21209354AAAAFO9734

Place: Secunderabad
Date: 29 April 2021

Balance Sheet

as at 31 March 2021

(₹ in Lakhs, unless otherwise stated)

| | Note | As at 31 March 2021 | As at 31 March 2020 |
|--|------|------------------------|------------------------|
| I ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Property, plant and equipment | 3 | 1,61,111 | 1,61,324 |
| (b) Right-of-use assets | 4 | 38,300 | 40,472 |
| (c) Capital work-in-progress | 3 | 7,570 | 4,919 |
| (d) Other intangible assets | 5 | 790 | 495 |
| (e) Intangible assets under development | 5 | 1,347 | 1,556 |
| (f) Financial assets | | | |
| i) Investments | 6 | 35,247 | 33,464 |
| ii) Other financial assets | 7 | - | 5 |
| (g) Other non-current assets | 8 | 5,430 | 4,546 |
| | | 2,49,795 | 2,46,781 |
| 2 Current assets | | | |
| (a) Inventories | 9 | 2,58,722 | 2,69,193 |
| (b) Financial assets | | | |
| i) Investments | 10 | * | * |
| ii) Trade receivables | 11 | 56,231 | 1,72,435 |
| iii) Government subsidies receivable | | 58,966 | 2,31,622 |
| iv) Cash and cash equivalents | 12 | 63,982 | 3,236 |
| v) Bank balances other than cash and cash equivalents | 13 | 2,999 | 2,776 |
| vi) Loans | 14 | 1,50,012 | 42,011 |
| vii) Other financial assets | 7 | 3,632 | 10,051 |
| (c) Other current assets | 15 | 49,862 | 43,671 |
| | | 6,44,406 | 7,74,995 |
| Total assets | | 8,94,201 | 10,21,776 |
| II EQUITY AND LIABILITIES | | | |
| 1 Equity | | | |
| (a) Equity share capital | 16 | 2,934 | 2,930 |
| (b) Other equity | 17 | 5,17,097 | 4,35,974 |
| Total equity | | 5,20,031 | 4,38,904 |
| 2 Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| i) Lease liabilities | 4 | 36,191 | 37,542 |
| ii) Other financial liabilities | 19 | 176 | 146 |
| (b) Provisions | 20 | 1,372 | 2,108 |
| (c) Deferred tax liabilities (net) | 21.1 | 5,616 | 5,629 |
| (d) Other non-current liabilities | 22 | 827 | 876 |
| | | 44,182 | 46,301 |
| 3 Current liabilities | | | |
| (a) Financial liabilities | | | |
| i) Borrowings | 18 | 293 | 162,760 |
| ii) Lease liabilities | 4 | 2,143 | 1,855 |
| iii) Trade payables | 23 | | |
| Total outstanding dues of micro enterprises and small enterprises | | 936 | 943 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 2,91,721 | 3,33,774 |
| iv) Other financial liabilities | 19 | 22,094 | 23,779 |
| (b) Provisions | 20 | 2,155 | 1,460 |
| (c) Current tax liabilities (net) | 21.4 | 3,602 | 4,286 |
| (d) Other current liabilities | 22 | 7,044 | 7,714 |
| | | 3,29,988 | 5,36,571 |
| Total liabilities | | 3,74,170 | 5,82,872 |
| Total equity and liabilities | | 8,94,201 | 10,21,776 |
| *less than a lakh | | | |
| See accompanying notes forming part of the financial statements | | | |

In terms of our report attached

For and on behalf of the Board of Directors

Deloitte Haskins & Sells
Chartered Accountants
Firm Registration Number : 008072S

Sameer Goel
Managing Director

A Vellayan
Chairman

Sumit Trivedi
Partner
Membership Number : 209354

Jayashree Satagopan
Chief Financial Officer

Rajesh Mukhija
Company Secretary

Place: Secunderabad/Chennai
Date: 29 April 2021

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Statement of Profit and Loss

for the year ended 31 March 2021

(₹ in Lakhs, unless otherwise stated)

| | Note | For the Year ended 31 March 2021 | For the Year ended 31 March 2020 |
|--|-------|-------------------------------------|-------------------------------------|
| I Income | | | |
| Revenue from operations | 24 | 14,16,295 | 13,11,719 |
| Other income | 25 | 4,242 | 3,769 |
| Total income | | 14,20,537 | 13,15,488 |
| II Expenses | | | |
| Cost of materials consumed | | 6,99,475 | 7,50,174 |
| Purchases of stock-in-trade | | 2,12,526 | 1,34,306 |
| Changes in inventories of finished goods, work-in-process and stock-in-trade | 26 | 53,851 | 20,174 |
| Employee benefits expense | 27 | 53,428 | 45,722 |
| Finance costs | 28 | 10,570 | 23,529 |
| Depreciation and amortisation expense | 29 | 17,209 | 15,727 |
| Other expenses | 30 | 1,96,923 | 1,88,720 |
| Total expenses | | 12,43,982 | 11,78,352 |
| III Profit before tax (I - II) | | 1,76,555 | 1,37,136 |
| IV Tax expense: | | | |
| (1) Current tax | | 45,621 | 36,756 |
| (2) Deferred tax | | (284) | (5,537) |
| | | 45,337 | 31,219 |
| V Profit for the year (III-IV) | | 1,31,218 | 1,05,917 |
| VI Other comprehensive income | | | |
| A (i) Items that will not be reclassified to profit or loss | | | |
| (a) Remeasurement of defined benefit plan | 34(a) | (996) | 86 |
| (b) Net fair value (loss)/gain on investments in equity shares at FVTOCI | | 478 | 1,271 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | 21.3 | 140 | (406) |
| B (i) Items that will be reclassified to profit or loss | | | |
| (a) Effective portion of gain/(loss) on designated portion of hedging instruments in a cash flow hedge | | 1,633 | (1,197) |
| (ii) Income tax relating to items that will be reclassified to profit or loss | 21.3 | (411) | 299 |
| Total other comprehensive income (A+B) | | 844 | 53 |
| VII Total comprehensive income for the year (V + VI) | | 1,32,062 | 1,05,970 |
| VIII Earnings per equity share (Face value of ₹1 each): | 35 | | |
| Basic ₹ | | 44.76 | 36.20 |
| Diluted ₹ | | 44.64 | 36.11 |
| See accompanying notes forming part of the financial statements | | | |

In terms of our report attached

Deloitte Haskins & Sells

Chartered Accountants

Firm Registration Number : 008072S

Sumit Trivedi

Partner

Membership Number : 209354

Place: Secunderabad/Chennai

Date: 29 April 2021

For and on behalf of the Board of Directors

Sameer Goel

Managing Director

A Vellayan

Chairman

Jayashree Satagopan

Chief Financial Officer

Rajesh Mukhija

Company Secretary

Cash flow statement

for the year ended 31 March 2021

(₹ in Lakhs, unless otherwise stated)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| Cash flow from operating activities | 1,76,555 | 1,37,136 |
| Profit before tax | | |
| Adjustments for: | | |
| Depreciation and amortisation expense | 17,209 | 15,727 |
| Loss on sale/ scrap of property, plant and equipment (net) | 468 | 477 |
| (Profit)/loss on sale of investment | 17 | (34) |
| Exchange differences (net) | (8,189) | 15,597 |
| Loss/ (gain) on measuring investments at FVTPL (net) | (162) | 104 |
| Provision for doubtful trade receivables and other liabilities no longer required, written back | (3,153) | (45) |
| Provision for doubtful trade and other receivables, loans and advances (net) | 2,169 | 845 |
| Trade and other receivables written off | 35 | - |
| Provision for employee benefits | (1,037) | 664 |
| Share-based payments | 399 | 518 |
| Finance costs | 10,570 | 23,529 |
| Interest income | (4,075) | (3,703) |
| Dividend income | (5) | (32) |
| Others | (27) | (27) |
| Operating profit before working capital changes | 1,90,774 | 1,90,756 |
| <i>Changes in working capital:</i> | | |
| Trade payables | (26,973) | (63,135) |
| Other liabilities | (3,113) | 7,314 |
| Trade receivables | 1,14,046 | 9,669 |
| Government subsidies receivable | 1,72,656 | 7,726 |
| Inventories | 10,471 | 54,230 |
| Other assets | 911 | 16,410 |
| Cash generated from operations | 4,58,772 | 2,22,970 |
| Direct taxes paid (net of refunds) | (46,305) | (36,302) |
| Net cash flow from operating activities (A) | 4,12,467 | 1,86,668 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment, including capital work-in-progress and capital advances | (18,799) | (25,316) |
| Purchase of leasehold land | (682) | - |
| Proceeds from sale of property, plant and equipment | 252 | 21 |
| Investment in subsidiary / Joint venture | (1,200) | (307) |
| Purchase of non-current investments | - | (16) |
| Proceeds from sale of non-current investments | 40 | 118 |
| Inter-corporate deposits/ loans given | (1,80,001) | (42,000) |
| Inter-corporate deposits matured/ loans received | 72,000 | 42,000 |

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Cash flow statement

for the year ended 31 March 2021

(₹ in Lakhs, unless otherwise stated)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Purchase of current investments | - | (27,000) |
| Proceeds from sale of current investments | - | 27,000 |
| Interest received | 3,100 | 3,544 |
| Dividend received from current and non-current investments | 5 | 32 |
| Balances in margin money/ deposit accounts | (1) | - |
| Net cash (used in) investing activities (B) | (1,25,286) | (21,924) |
| Cash flow from financing activities | | |
| Proceeds from issue of equity shares on exercise of employee stock options | 1,438 | 1,366 |
| Decrease in short-term borrowings | (1,62,467) | (1,35,739) |
| Dividend paid | (52,772) | (12,343) |
| Interest and other borrowing costs paid | (10,742) | (24,277) |
| Repayment of Lease liability | (1,892) | (1,608) |
| Net cash (used in) financing activities (C) | (2,26,435) | (1,72,601) |
| Net (decrease)/Increase in cash and cash equivalents (A + B + C) | 60,746 | (7,857) |
| Cash and cash equivalents at the beginning of the year | 3,236 | 11,093 |
| Cash and cash equivalents at the end of the year (as per Note 12) | 63,982 | 3,236 |
| Notes: | | |
| 1. 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. | | |
| 2. Reconciliation of Short-term borrowings: | | |
| Opening balance | 162,760 | 295,694 |
| Proceeds/(repayments) of short-term borrowings (net) | (1,62,467) | (1,35,739) |
| Foreign exchange adjustment | - | 2,805 |
| Closing balance | 293 | 162,760 |
| 3. Reconciliation of lease liabilities (Current and Non-current): | | |
| Opening balance | 39,397 | - |
| Impact of Ind AS 116* | - | 41,005 |
| Lease liabilities addition during the year | 829 | - |
| Repayment | (1,892) | (1,608) |
| Closing balance | 38,334 | 39,397 |

*Includes lease liabilities recognised during the year ended 31 March 2020 amounting to ₹2,734 lakhs.

In terms of our report attached

Deloitte Haskins & Sells

Chartered Accountants

Firm Registration Number : 008072S

Sumit Trivedi

Partner

Membership Number : 209354

Place: Secunderabad/Chennai

Date: 29 April 2021

For and on behalf of the Board of Directors

Sameer Goel

Managing Director

A Vellayan

Chairman

Jayashree Satagopan

Chief Financial Officer

Rajesh Mukhija

Company Secretary

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Statement of Changes in Equity

for the year ended 31 March 2021

(₹ in lakhs, unless otherwise stated)

a). Equity share capital

| | Number of shares | Amount |
|---|---------------------|--------------|
| Balance as at 1 April 2019 | 29,25,27,329 | 2,925 |
| Add: Equity shares allotted pursuant to exercise of stock options | 4,26,420 | 5 |
| Balance as at 31 March 2020 | 29,29,53,749 | 2,930 |
| Add: Equity shares allotted pursuant to exercise of stock options | 4,24,930 | 4 |
| Balance as at 31 March 2021 | 29,33,78,679 | 2,934 |

b). Other equity

| | Reserves and Surplus (Refer note 17) | | | | | | | Items of other comprehensive income (Refer note 17) | | |
|---|---|----------------------------|--------------------|-----------------|-----------------|-----------------------------------|-------------------|--|---------------------------------------|-----------------|
| | Capital reserve | Capital redemption reserve | Securities premium | Central subsidy | General reserve | Share options outstanding account | Retained earnings | Equity instruments through other comprehensive income | Effective portion of cash flow hedges | Total |
| Balance at 1 April 2019 | 20 | 986 | 13,201 | 11 | 2,33,328 | 1,466 | 98,899 | (7,425) | (18) | 3,40,468 |
| Profit for the year | - | - | - | - | - | - | 105,917 | - | - | 1,05,917 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | (24) | 975 | (898) | 53 |
| Total comprehensive income for the year | - | - | - | - | - | - | 1,05,893 | 975 | (898) | 1,05,970 |
| Recognition of share-based payments | - | - | - | - | - | 518 | - | - | - | 518 |
| Dividend on equity shares including dividend distribution tax | - | - | - | - | - | - | (12,343) | - | - | (12,343) |
| Amount received on exercise of employee stock options | - | - | 1,361 | - | - | - | - | - | - | 1,361 |
| Amounts transferred within the reserves | - | - | 479 | - | 30,264 | (743) | (30,000) | - | - | - |
| Balance at 31 March 2020 | 20 | 986 | 15,041 | 11 | 2,63,592 | 1,241 | 1,62,449 | (6,450) | (916) | 4,35,974 |
| Balance at 1 April 2020 | 20 | 986 | 15,041 | 11 | 2,63,592 | 1,241 | 1,62,449 | (6,450) | (916) | 4,35,974 |
| Profit for the year | - | - | - | - | - | - | 1,31,218 | - | - | 1,31,218 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | (745) | 367 | 1,222 | 844 |
| Total comprehensive income for the year | - | - | - | - | - | - | 1,30,473 | 367 | 1,222 | 1,32,062 |
| Recognition of share-based payments | - | - | - | - | - | 399 | - | - | - | 399 |
| Dividend on equity shares including dividend distribution tax | - | - | - | - | - | - | (52,772) | - | - | (52,772) |
| Amount received on exercise of employee stock options | - | - | 1,434 | - | - | - | - | - | - | 1,434 |
| Amounts transferred within the reserves | - | - | 538 | - | - | (538) | - | - | - | - |
| Balance at 31 March 2021 | 20 | 986 | 17,013 | 11 | 2,63,592 | 1,102 | 2,40,150 | (6,083) | 306 | 5,17,097 |

See accompanying notes forming part of the financial statements

In terms of our report attached

Deloitte Haskins & Sells
Chartered Accountants
Firm Registration Number : 008072S

Sumit Trivedi
Partner
Membership Number : 209354
Place: Secunderabad/Chennai
Date: 29 April 2021

For and on behalf of the Board of Directors

Sameer Goel
Managing Director

Jayashree Satagopan
Chief Financial Officer

A Vellayan
Chairman

Rajesh Mukhija
Company Secretary

Standalone Notes

forming part of the financial statements (Contd.)

(₹ in lakhs, unless otherwise stated)

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 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
- S Sankarasubramanian- President & Head (Fertilisers)
- Amit Rastogi – Executive Vice President – Technology
- Amir Alvi – Executive Vice President & Head Manufacturing (Fertilisers)
- Arun Leslie George – Executive Vice President & Head (Retail)
- B Prasannatha Rao – Executive Vice President & Head – HR
- Jayashree Satagopan- Executive Vice President & Chief Financial Officer
- Kalidas Pramanik – Executive Vice President - Marketing (Fertilisers & Organic)
- Rajavelu NK- Executive Vice President and Business Head (CPC)
- Arun Vellayan- Head of Strategy
- Narayanan Vellayan – Head of Commercial (Fertilisers and SSP)
- Rajesh Mukhija– Senior Vice President – Legal and Company Secretary
- T S Venkateswaran –Vice President – Internal Audit & Risk Management

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 17 manufacturing facilities located across India. The Company also operates a network of retail outlets across Andhra Pradesh, Telangana, Karnataka and Maharashtra. 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. Significant Accounting Policies

2.1 Statement of compliance

The financial statements which comprise the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement, and the Statement of Changes in Equity ("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, along with relevant amendment rules issued thereafter and other relevant provisions of the Act, as applicable. The Company has consistently applied accounting policies to all periods.

2.2 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 116, 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.

Standalone Notes

forming part of the financial statements (Contd.)

(₹ in lakhs, unless otherwise stated)

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.

2.3 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 control over the goods is transferred to the customers. The performance obligation in case of sale of goods is satisfied at a point in time i.e., when the goods are shipped to the customers or on delivery to the customer, as per applicable terms.
- b) The Company recognizes subsidy income as per Ind AS 20 'Accounting for Government Grants and Disclosure of Government Assistance' 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, when there is a reasonable assurance that the Company will comply with all necessary conditions attached to Subsidy.
- c) Income from services rendered is recognised based on the agreements/arrangements with the concerned parties and when services are rendered by measuring progress towards satisfaction of performance obligation for such services.

- d) Export benefits and other excise benefits are accounted for on accrual basis.

2.4 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.

2.5 Leasing

The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after 1 April 2019.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently amortised using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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Standalone Notes

forming part of the financial statements (Contd.)

(₹ in lakhs, unless otherwise stated)

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term

2.6 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.

2.7 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 and rounded to the nearest Lakhs.

2.8 Foreign currencies

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of transactions. The date of transaction for the purpose of determining the exchange rate on initial recognition of the related asset, expense or income (part of it) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from payment or receipt of advance consideration. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the balance sheet date. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognised in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated.

2.9 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.

210. Employee benefits

2.10.1 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.

2.10.2 Defined benefit plans

The Company's Gratuity scheme for its employees is a defined benefit retirement 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

Standalone Notes

forming part of the financial statements (Contd.)

(₹ in lakhs, unless otherwise stated)

recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

2.10.3 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.

2.10.4 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.

2.11 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.

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.

2.12 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.

2.13 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.

2.14 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

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Standalone Notes

forming part of the financial statements (Contd.)

(₹ in lakhs, unless otherwise stated)

capitalization 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 recognized 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 individually 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.

2.15 Biological assets

The Company recognises neem plantation as Biological assets and are carried at historical cost of acquisition less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditure on biological assets are added to its book value only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Cost incurred for new plantations are capitalised and depreciated over their estimated useful life which has been ascribed to be 20 years.

2.16 Intangible assets

Intangible assets are carried at cost, net of accumulated amortization 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 amortized on the straight-line method. Technical know-how is amortized over their estimated useful lives ranging from 5-10 years and product registration is amortized 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 recognized in profit or loss when the asset is derecognized.

2.17 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 recognized. 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 recognized impairment loss no longer exists or may have decreased such reversal of impairment loss is recognized in the profit or loss.

2.18 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.

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3. Finished goods and Work-in-process – Weighted average cost of production which comprises of direct material costs, direct wages and applicable overheads.
4. Stock-in-trade – Weighted average cost

2.19 Exceptional item

Significant gains/losses or expenses incurred arising from external events that is not expected to recur are disclosed as 'Exceptional item'.

2.20 Provisions, contingent liabilities and contingent assets

Provisions are recognized 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 recognized 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 recognized nor disclosed in the financial statements.

2.21 Financial instruments

Financial assets and financial liabilities are recognized 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 recognized immediately in profit or loss.

2.22 Financial assets

All regular way purchases or sales of financial assets are recognized 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 recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

2.22.1 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 (FVTOCI) (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 recognized 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 recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments

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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.

2.22.2 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 recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in profit or loss and is included in the "Other income" line item.

2.22.3 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.

2.22.4 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 recognized 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 recognized 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 recognized in profit or loss are included in the 'Other income' line item.

2.22.5 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 amortized cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortized cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortized 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 recognizing 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 recognized in profit or loss. The net gain or loss recognized 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 recognized 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.

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2.22.6 Impairment of financial assets

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized 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 115, 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 recognized in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.22.7 Derecognition of financial assets

The Company derecognizes 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 recognizes 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 recognize the financial asset and also recognizes a collateralized 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 recognized 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. **B94**

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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.

2.22.8 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.

2.23. Financial liabilities and equity instruments

2.23.1 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.

2.23.2 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.

2.23.3 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

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- 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 115.

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

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financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

2.24 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.

2.25 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.

2.25.1 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 115 and, in particular, whether the Company had transferred control over the goods to the buyer.

2.25.2 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.

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(₹ in lakhs, unless otherwise stated)

| 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 | <p>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.</p> <p>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.</p> |
| 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 and related receivables | Subsidy income has been recognized when there is reasonable assurance that the Company will comply with all necessary conditions attached to Subsidy including those under the Direct Benefit Transfer system which was introduced by the Government of India. |
| 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, Subsidy 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. |
| Leases | Ind AS 116 defines a lease term as the non-cancellable period for which the lessee has the right to use the underlying asset including optional periods, when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term. The option to extend the lease term are included in the lease term, if it is reasonably certain that the lessee will exercise the option. The Company reassess the option when significant events or changes in circumstances occur that are within the control of the lessee. |

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(₹ in lakhs, unless otherwise stated)

(₹ in lakhs, unless otherwise stated)

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3. Property, plant and equipment and capital work-in-progress

| | As at 31 March 2021 | As at 31 March 2020 |
|-----------------------------|------------------------|------------------------|
| Carrying amounts of: | | |
| Land | 27,261 | 27,261 |
| Buildings | 3,674 | 23,838 |
| Road | 35 | 1,045 |
| Railway sidings | 2,265 | 1,466 |
| Plant and equipment | 30 | 1,02,940 |
| Biological assets | 34,285 | 51 |
| Office equipment | 2,905 | 2,303 |
| Furniture and fixtures | 90 | 914 |
| Vehicles | - | 1,362 |
| | 1,61,111 | 1,61,324 |
| Capital work-in-progress | 7,570 | 4,919 |

Details of Property, plant and equipment

| | Land | Buildings | Road | Railway sidings | Plant and equipment | Biological assets | Office equipment | Furniture and fixtures | Vehicles | Total |
|----------------------------|--------|-----------|-------|-----------------|---------------------|-------------------|------------------|------------------------|----------|----------|
| Cost or deemed cost | | | | | | | | | | |
| Balance as at 1 April 2019 | 27,261 | 28,411 | 2,449 | 3,126 | 1,78,261 | 45 | 6,158 | 3,471 | 2,572 | 2,51,754 |
| Additions | - | 3,674 | 456 | 61 | 37,536 | - | 905 | 207 | 882 | 43,721 |
| Disposals/adjustments | - | 35 | - | 70 | 2,957 | - | 193 | 6 | 166 | 3,427 |
| Balance at 31 March 2020 | 27,261 | 32,050 | 2,905 | 3,117 | 2,12,840 | 45 | 6,870 | 3,672 | 3,288 | 2,92,048 |
| Additions | 23 | 2,265 | 90 | 79 | 9,711 | 12 | 1,169 | 205 | 346 | 13,900 |
| Disposals/adjustments | - | 30 | - | - | 2,774 | - | 216 | 96 | 536 | 3,652 |
| Balance at 31 March 2021 | 27,284 | 34,285 | 2,995 | 3,196 | 2,19,777 | 57 | 7,823 | 3,781 | 3,098 | 3,02,296 |

Notes:

- Refer Note 18.1 for details of assets pledged.
- Interest capitalised during the year - Nil (2020: ₹433 lakhs).
- Land admeasuring 446.92 acres (₹75 lakhs) is pending registration in the name of the Company.

| | Land | Buildings | Road | Railway sidings | Plant and equipment | Biological assets | Office equipment | Furniture and fixtures | Vehicles | Total |
|--|------|-----------|-------|-----------------|---------------------|-------------------|------------------|------------------------|----------|----------|
| Accumulated depreciation and impairment | | | | | | | | | | |
| Balance as at 1 April 2019 | - | 8,519 | 1,720 | 1,412 | 1,01,174 | 1 | 4,394 | 2,780 | 1,696 | 1,21,696 |
| Disposals/adjustments | - | 16 | - | 54 | 2,531 | - | 181 | 6 | 141 | 2,929 |
| Depreciation expense | - | 939 | 140 | 188 | 9,584 | 2 | 715 | 89 | 300 | 11,957 |
| Balance at 31 March 2020 | - | 9,442 | 1,860 | 1,546 | 1,08,227 | 3 | 4,928 | 2,863 | 1,855 | 1,30,724 |
| Disposals/adjustments | - | 14 | - | - | 2,162 | - | 190 | 96 | 470 | 2,932 |
| Depreciation expense | - | 1,019 | 182 | 184 | 10,772 | 3 | 782 | 100 | 351 | 13,393 |
| Balance at 31 March 2021 | - | 10,447 | 2,042 | 1,730 | 1,16,837 | 6 | 5,520 | 2,867 | 1,736 | 1,41,185 |

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(₹ in lakhs, unless otherwise stated)

4. Right-of-use assets

| | As at 31 March 2021 | As at 31 March 2020 |
|-----------------------------|------------------------|------------------------|
| Carrying amounts of: | | |
| Land | 26,335 | 26,673 |
| Buildings | 10,953 | 12,534 |
| Plant and equipment | 1,012 | 1,265 |
| | 38,300 | 40,472 |

Details of Right-of-use assets:

| | Land (Refer notes below) | Buildings | Plant and equipment | Total |
|---------------------------------|-----------------------------|---------------|------------------------|---------------|
| Gross carrying value | | | | |
| As at 1 April 2019 | 27,698 | 12,125 | 1,518 | 41,341 |
| Additions | - | 2,733 | - | 2,733 |
| Disposals/adjustments | - | - | - | - |
| Balance at 31 March 2020 | 27,698 | 14,858 | 1,518 | 44,074 |
| Additions | 682 | 829 | - | 1,511 |
| Disposals/adjustments | - | - | - | - |
| Balance at 31 March 2021 | 28,380 | 15,687 | 1,518 | 45,585 |
| Accumulated amortisation | | | | |
| Amortisation | 1,025 | 2,324 | 253 | 3,602 |
| Disposals/adjustments | - | - | - | - |
| Balance at 31 March 2020 | 1,025 | 2,324 | 253 | 3,602 |
| Amortisation | 1,020 | 2,410 | 253 | 3,683 |
| Disposals/adjustments | - | - | - | - |
| Balance at 31 March 2021 | 2,045 | 4,734 | 506 | 7,285 |

Notes:

- 1) Includes net carrying value of the Land reclassified on adoption of Ind AS 116 "Leases".
- 2) Land admeasuring 324.74 acres (₹22,632 lakhs) is pending execution of lease in the name of the Company.

Lease liabilities:

| | As at 31 March 2021 | As at 31 March 2020 |
|-------------|------------------------|------------------------|
| Current | 2,143 | 1,855 |
| Non-current | 36,191 | 37,542 |
| | 38,334 | 39,397 |

Standalone Notes

forming part of the financial statements (Contd.)

(₹ in lakhs, unless otherwise stated)

5. Other intangible assets and intangible assets under development

| | As at 31 March 2021 | As at 31 March 2020 |
|-------------------------------------|------------------------|------------------------|
| Carrying amounts of: | | |
| Product registrations | 744 | 449 |
| Technical know-how | 46 | 46 |
| | 790 | 495 |
| Intangible assets under development | 1,347 | 1,556 |

Details of Intangible assets

| | Product Registrations | Technical know-how | Total |
|--|--------------------------|-----------------------|--------------|
| Cost or deemed cost | | | |
| Balance as at 1 April 2019 | 1,394 | 997 | 2,391 |
| Additions | 63 | - | 63 |
| Disposals/ adjustments | - | - | - |
| Balance as at 31 March 2020 | 1,457 | 997 | 2,454 |
| Additions | 428 | - | 428 |
| Disposals/ adjustments | - | - | - |
| Balance as at 31 March 2021 | 1,885 | 997 | 2,882 |
| Accumulated amortisation and impairment | | | |
| Balance as at 1 April 2019 | 885 | 906 | 1,791 |
| Amortisation expense | 123 | 45 | 168 |
| Disposals/ adjustments | - | - | - |
| Balance as at 31 March 2020 | 1,008 | 951 | 1,959 |
| Amortisation expense | 133 | - | 133 |
| Disposals/ adjustments | - | - | - |
| Balance as at 31 March 2021 | 1,141 | 951 | 2,092 |

6. Non-current investments

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Quoted equity instruments | | |
| (a) Investments in quoted equity instruments at FVTPL | | |
| Rama Phosphate Limited | 18 | 3 |
| 13,719 (2020: 13,719) Equity shares of ₹10 each, fully paid-up | | |
| Total aggregate quoted investments (A) | 18 | 3 |
| Unquoted equity instruments | | |
| (b) Investment in subsidiaries at cost | | |
| Liberty Pesticides and Fertilisers Limited | 113 | 113 |
| 7,50,000 (2020: 7,50,000) Equity shares of ₹10 each, fully paid-up | | |
| Parry America, Inc | 24 | B101 24 |

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forming part of the financial statements (Contd.)

(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| 776 (2020: 776) shares of USD 100 each, fully paid-up | | |
| Parry Chemicals Limited | 1,000 | 1,000 |
| 1,00,00,000 (2020: 1,00,00,000) Equity shares of ₹10 each, fully paid-up | | |
| CFL Mauritius Limited | 10,281 | 10,281 |
| 2,20,25,000 (2020: 2,20,25,000) Ordinary shares of USD 1 each, fully paid-up | | |
| Sabero Australia Pty Ltd. | 41 | 41 |
| 5,578 (2020: 5,578) Equity shares of Australian Dollar 14 each fully paid-up | | |
| Sabero Europe B.V. | 8 | 8 |
| 61 (2020: 61) Equity shares of Dutch Guilder 453.78 each fully paid-up | | |
| Sabero Argentina S.A. | 17 | 17 |
| 1,61,500 (2020: 1,61,500) Equity Shares of Argentina Peso 1 each fully paid-up | | |
| Sabero Organics America S.A. | 927 | 793 |
| 39,90,310 (2020: 33,88,057) Equity Shares of Brazilian Real 1 each fully paid-up | | |
| Coromandel Agronegocios de Mexico, S.A de C.V | 29 | 29 |
| 4,99,477 (2020: 4,99,477) Equity shares of Mexican Peso 1 each fully paid-up | | |
| Coromandel International (Nigeria) Limited | 21 | 21 |
| 99,99,000 (2020: 99,99,000) Ordinary shares of Nigerian Naira 1 each fully paid-up | | |
| Dare Investments Limited | 500 | 500 |
| 50,00,000 (2020: 50,00,000) Equity shares of ₹10 each, fully paid-up | | |
| Coromandel Brasil Limitada, Limited Liability Partnership** | 466 | 466 |
| 18,315 (2020: 18,315) Quotas of Brazilian Real 100 each, fully paid-up | | |
| Coromandel Mali SASU | 7 | 7 |
| 500 (2020: 500) Equity shares of CF Francs 10,000 each, fully paid-up | | |
| Coromandel SQM (India) Private Limited**** | 1,700 | - |
| 1,00,00,000 Ordinary shares of ₹10 each, fully paid-up | | |
| Total aggregate investments in subsidiaries (B) | 15,134 | 13,300 |
| (c) Investment in joint ventures at cost | | |
| Yanmar Coromandel Agrisolutions Private Limited | 1,600 | 1,600 |
| 1,60,00,000 (2020: 1,60,00,000) Equity shares of ₹10 each, fully paid-up | | |
| Less: Impairment allowance | (832) | (832) |
| | 768 | 768 |
| Coromandel SQM (India) Private Limited **** | - | 500 |
| (2020: 50,00,000) Ordinary shares of ₹10 each, fully paid-up | | |
| Total aggregate investments in joint ventures (C) | 768 | 1,268 |
| (d) Investment in associate at cost | | |
| Sabero Organics Philippines Asia Inc. - Associate | * | * |
| 320 (2020: 320) Equity shares of PHP\$100 each fully paid-up | | |
| Total aggregate investments in associate (D) | * | * |

Standalone Notes

forming part of the financial statements (Contd.)

(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| (e) Other equity instruments at FVTOCI | | |
| Tunisian Indian Fertilisers S.A.# | - | - |
| 41,79,848 (2020: 41,79,848) Ordinary shares of Tunisian Dinars (TND) 10 each, fully paid-up | | |
| Nandesari Environment Control Limited | 21 | 18 |
| 3,600 (2020: 2,000) Equity shares of ₹10 each, fully paid-up | | |
| Ranar Agrochem Limited (formerly Prathyusha Chemicals and Fertilisers Limited) | 2 | 2 |
| 10,01,000 (2020: 10,01,000) Equity shares of ₹10 each, fully paid-up | | |
| Indian Potash Limited | 2,576 | 2,392 |
| 180,000 (2020: 1,80,000) Equity shares of ₹10 each, fully paid-up | | |
| Foskor (Pty) Limited | | |
| i) 1,99,590 (2020: 1,99,590) Ordinary shares of South African Rand 1 each, fully paid-up | - | - |
| ii) 46 (2020: 46) Class D shares of South African Rand 7,05,088 each, fully paid-up | 1,901 | 1,901 |
| Murugappa Management Services Limited | 73 | 73 |
| 16,139 (2020: 16,139) Equity shares of ₹100 each, fully paid-up | | |
| Bharuch Enviro Infrastructure Limited | 444 | 247 |
| 16,100 (2020: 16,100) Equity shares of ₹10 each, fully paid-up | | |
| Narmada Clean Tech | 39 | 20 |
| 2,75,000 (2020: 2,75,000) Equity shares of ₹10 each, fully paid-up | | |
| A.P. Gas Power Corporation Limited | 12,391 | 12,316 |
| 53,92,160 (2020: 53,92,160) Equity shares of ₹10 each, fully paid-up | | |
| Total aggregate Equity investments at FVTOCI (E) | 17,447 | 16,969 |
| (f) Other investments at FVTPL | | |
| Faering Capital India Evolving Fund | 266 | 174 |
| 19,442 (2020: 25,044) units of ₹1,000 each, fully paid-up | | |
| Total aggregate other investments (F) | 266 | 174 |
| (g) Others | | |
| Share application money pending allotment - at cost (Refer Note 40(E)) | 5 | 141 |
| Loans at FVTOCI*** | 1,609 | 1,609 |
| Total aggregate others (G) | 1,614 | 1,750 |
| Total investments (A) + (B) + (C) + (D) + (E) + (F) + (G) | 35,247 | 33,464 |
| *less than a lakh | | |
| Aggregate amount of quoted investments and market value thereof | 18 | 3 |
| Aggregate amount of unquoted investments | 35,229 | 33,461 |
| Aggregate amount of impairment in value of investments | 832 | 832 |

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.

** the Company holds 100% of the quotas and is the only partner in the Limited Liability Partnership.

*** represents loan amounting ₹ 1,609 Lakhs (2020: ₹1,609 Lakhs) to TIFERT which was compulsorily convertible to equity shares at the end of three years from June 2017. During the current year, the period has been extended for further 2 years.

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(₹ in lakhs, unless otherwise stated)

*** Pursuant to Share Purchase Agreement dated 10 July 2020, the Company has acquired 50,00,000 equity shares held by M/s Soquimich European Holdings B.V. for a consideration of ₹1,200 lakhs. Consequent to this acquisition Coromandel SQM (India) Private Limited (CSQM) has become a wholly-owned subsidiary of the Company with effect from 24 August 2020.

7. Other financial assets

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Financial assets carried at fair value through profit or loss (FVTPL) | | |
| Derivatives that are not designated in hedge accounting relationships | | |
| Foreign currency forward contracts | 965 | 7,015 |
| Derivatives that are designated in hedge accounting relationships | 412 | 5 |
| | 1,377 | 7,020 |
| Financial assets carried at amortised cost | | |
| Advances with related parties (Refer Note 40(E)) | 422 | 14 |
| Interest accrued but not due on deposits, loans, others* | 1,260 | 283 |
| Insurance claims receivable | 573 | 2,739 |
| | 2,255 | 3,036 |
| Current | 3,632 | 10,051 |
| Non-current | - | 5 |
| | 3,632 | 10,056 |

* Includes ₹3 lakhs (2020: ₹3 lakhs) interest receivable from related party. Refer Note 40(E)

8. Other non-current assets

| | As at 31 March 2021 | As at 31 March 2020 |
|------------------|------------------------|------------------------|
| Capital advances | 2,243 | 1,610 |
| Deposits | 3,038 | 2,765 |
| Others | 149 | 171 |
| | 5,430 | 4,546 |

9. Inventories

| | As at 31 March 2021 | As at 31 March 2020 |
|--------------------------|------------------------|------------------------|
| Raw materials | 68,977 | 56,120 |
| Raw materials in-transit | 53,471 | 22,988 |
| Work-in-process | 3,898 | 3,847 |
| Finished goods | 1,05,597 | 1,41,110 |
| Stock-in-trade | 18,547 | 36,936 |
| Stores and spares | 5,609 | 6,047 |
| Packing materials | 2,623 | 2,145 |
| | 2,58,722 | 2,69,193 |

Note: Refer Note 2.18 for basis of valuation and for details of inventories pledged refer Note 18.1

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Standalone Notes

forming part of the financial statements (Contd.)

(₹ in lakhs, unless otherwise stated)

10. Current investments

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Quoted instruments at FVTPL | | |
| Unquoted other investments at FVTPL | | |
| UTI Master Shares | * | * |
| 1,000 (2020: 1,000) shares of ₹10 each, fully paid-up | | |
| Total unquoted investments | * | * |
| Total current investments | * | * |
| Aggregate amount of quoted investments and market value thereof | - | - |
| Aggregate amount of unquoted investments | * | * |
| Aggregate amount of impairment in value of investments | - | - |

* less than a lakh

11. Trade receivables

| | As at 31 March 2021 | As at 31 March 2020 |
|------------------------------------|------------------------|------------------------|
| (a) Secured, considered good | 5,673 | 10,450 |
| (b) Unsecured, considered good* | 50,558 | 1,61,985 |
| (c) Credit impaired | 15,638 | 13,540 |
| | 71,869 | 1,85,975 |
| Allowance for doubtful receivables | 15,638 | 13,540 |
| | 56,231 | 1,72,435 |

* Includes ₹3,324 lakhs (2020: ₹1,167 lakhs) receivable from related party. Also Refer Note 40(E)

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 to 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.

Movement in the allowance for doubtful receivables

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| Balance at beginning of the year | 13,540 | 12,775 |
| Impairment losses recognised on receivables | 2,123 | 765 |
| Amounts written off during the year as uncollectible | (25) | - |
| Balance at end of the year | 15,638 | 13,540 |

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forming part of the financial statements (Contd.)

(₹ in lakhs, unless otherwise stated)

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.

12. Cash and cash equivalents

| | As at 31 March 2021 | As at 31 March 2020 |
|----------------------|------------------------|------------------------|
| Cash on hand | 29 | 12 |
| Balances with Banks: | | |
| in Current accounts | 6,122 | 3,224 |
| in Deposit accounts | 57,831 | - |
| | 63,982 | 3,236 |

13. Bank balances other than cash and cash equivalents

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Restricted | | |
| Dividend accounts | 2,211 | 1,923 |
| Bonus debenture redemption and interest | 778 | 844 |
| Margin money/ deposit | 10 | 9 |
| | 2,999 | 2,776 |

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 dividend 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.

Margin money / deposit

Amounts in margin money/deposit accounts represents amounts deposited with certain government agencies.

Standalone Notes

forming part of the financial statements (Contd.)

(₹ in lakhs, unless otherwise stated)

14. Loans

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| At amortised cost | | |
| Unsecured, considered good | | |
| - Loans and advances to related parties (Refer Note 40 (E)) | 12 | 11 |
| - Inter-corporate deposits | 1,50,000 | 42,000 |
| | 1,50,012 | 42,011 |
| Current | 1,50,012 | 42,011 |
| Non-current | - | - |
| | 1,50,012 | 42,011 |

15. Other current assets

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Advances recoverable in kind or for value to be received | | |
| Considered good # | 31,276 | 24,666 |
| Considered doubtful | 442 | 483 |
| | 31,718 | 25,149 |
| Less: Impairment allowance | 442 | 483 |
| | 31,276 | 24,666 |
| Others (including Goods and Services Tax balances) | 18,586 | 19,005 |
| 6.20% Fertilizer companies' Government of India special bonds 2022 10,000 (2020: 10,000) bonds of ₹100/- each | * | * |
| 6.65% Fertilizer companies' Government of India special bonds 2023 5,000 (2020: 5,000) bonds of ₹100/- each | * | * |
| | 49,862 | 43,671 |

Includes receivables from Related parties ₹3 lakhs (2020: ₹23 lakhs). Refer Note 40(E).

* less than a lakh

Refer Note 18.1 for details of pledge on current assets.

16. Equity

16.1 Equity share capital

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Authorised Share capital : | | |
| 35,00,00,000 (2020: 35,00,00,000) equity shares of ₹1 each | 3,500 | 3,500 |
| Issued, subscribed and fully paid-up: | | |
| 29,33,78,679 (2020: 29,29,53,749) fully paid equity shares of ₹1 each | 2,934 | 2,930 |
| | 2,934 | 2,930 |

Standalone Notes

forming part of the financial statements (Contd.)

(₹ in lakhs, unless otherwise stated)

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 2019 | 29,25,27,329 | 2,925 |
| Add: Equity shares allotted pursuant to exercise of stock options | 4,26,420 | 5 |
| Balance as at 31 March 2020 | 29,29,53,749 | 2,930 |
| Add: Equity shares allotted pursuant to exercise of stock options | 4,24,930 | 4 |
| Balance as at 31 March 2021 | 29,33,78,679 | 2,934 |

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 2021, E.I.D.-Parry (India) Limited (Parent Company) held 16,54,55,580 (2020: 17,71,55,580) equity shares of ₹1 each fully paid-up representing 56.40% (2020: 60.47%) of the paid up capital. There are no other shareholders holding more than 5 % of the issued capital.

16.5 Share options granted under the Company's employee share option plan

As at 31 March 2021-, shares reserved for issue under the 'ESOP 2007' scheme is 81,32,966 (2020: 81,35,116) equity shares of ₹1 each and under the 'ESOP 2016' scheme is 1,35,32,630 (2020: 1,39,55,410) 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 in Note 33.

16.6 There are no bonus shares issued and no shares were issued for consideration other than cash during the period of five years immediately preceding the reporting date.

16.7 Cumulative redeemable preference shares

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---------------------|---------------------|
| Authorised capital | | |
| 50,00,000 (2020: 50,00,000) cumulative redeemable preference shares of ₹10 each | 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 2021 (2020: Nil).

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forming part of the financial statements (Contd.)

(₹ in lakhs, unless otherwise stated)

17. Other equity

| | As at 31 March 2021 | As at 31 March 2020 |
|--------------------------------|------------------------|------------------------|
| General reserve | 2,63,592 | 2,63,592 |
| Retained earnings | 2,40,150 | 1,62,449 |
| Capital reserve | 20 | 20 |
| Capital redemption reserve | 986 | 986 |
| Securities Premium | 17,013 | 15,041 |
| Central subsidy | 11 | 11 |
| ESOP reserve | 1,102 | 1,241 |
| Equity Instruments through OCI | (6,083) | (6,450) |
| Cash flow hedge reserve | 306 | (916) |
| | 5,17,097 | 4,35,974 |

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| (i) General reserve | | |
| Balance at beginning of year | 2,63,592 | 2,33,328 |
| Amount transferred on cancellation of stock options | - | 264 |
| Amount transferred from retained earnings | - | 30,000 |
| | 2,63,592 | 2,63,592 |

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 | 1,62,449 | 98,899 |
| Profit for the year | 1,31,218 | 1,05,917 |
| Remeasurment of net defined benefit plans | (745) | (24) |
| Dividend on equity shares | (52,772) | (12,343) |
| Amount transferred to general reserve | - | (30,000) |
| | 2,40,150 | 1,62,449 |

Retained earnings represents the Company's undistributed earnings after taxes.

In respect of the year ended 31 March 2021, the Board of Directors at their meeting held on 29 April 2021 have recommended a final dividend of ₹6 per share (600% on face value of ₹1 per share). The Board at its meeting held on 01 February 2021 had approved payment of interim dividend ₹6 per equity share (600% on face value of ₹1 per share). The total dividend is ₹12 per share (1200% on face value of ₹1 per share) for the year ended 31 March 2021. The proposed final 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 total amount paid with respect to interim dividend is ₹17,595 Lakhs. The total estimated amount to be paid with respect to final dividend is ₹17,603 Lakhs.

In respect of the year ended 31 March 2020, the directors proposed that a final dividend of ₹12 per share be paid on fully paid equity shares. which was approved by the shareholders at the Annual General Meeting. The total amount paid with respect to dividend is ₹35,177 Lakhs.

In respect of the year ended 31 March 2019, the directors approved payment of interim dividend of ₹3 per share and proposed that a final dividend of ₹3.50 per share be paid on fully paid equity shares which was approved by the shareholders at the Annual General Meeting. The total amount paid with respect to interim dividend is ₹10,577 Lakhs including dividend distribution tax of ₹1,803 Lakhs and with respect to final dividend is ₹12,343 Lakhs including dividend distribution tax of ₹2,105 Lakhs.

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(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| (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 buyback of Company's own shares and on redemption of the preference shares. The Company has bought back its own shares and also redeemed the underlying preference shares in the earlier years. The capital redemption reserve can be utilised for issue of bonus shares. | | |
| (v) Securities premium | | |
| Balance at beginning of year | 15,041 | 13,201 |
| Amount transferred on exercise of employee stock option | 538 | 479 |
| Amount received on exercise of employee stock option | 1,434 | 1,361 |
| | 17,013 | 15,041 |
| Securities premium represents the amount received in excess of the face value of the equity shares. The utilisation of the securities premium is governed by the Section 52 of the Act. | | |
| (vi) Central subsidy | 11 | 11 |
| (vii) Share options outstanding account | | |
| Balance at beginning of year | 1,241 | 1,466 |
| Amount transferred to on exercise/ cancellation of employee stock option | (538) | (743) |
| Recognition of share based payment expense | 399 | 518 |
| | 1,102 | 1,241 |
| Share options outstanding account relates to share options granted by the Company to its employees under its employee share option plans. These will be transferred to securities premium after the exercise of the underlying options. | | |
| (viii) Reserve for equity instruments through other comprehensive income | | |
| Balance at the beginning of the year | (6,450) | (7,425) |
| Net fair value gain/ (loss) on investments in equity instruments at FVTOCI (net of tax) | 367 | 975 |
| | (6,083) | (6,450) |
| 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) Cash flow hedge reserve | | |
| Balance at beginning of year | (916) | (18) |
| Effective portion of cash flow hedges (net of tax) | 1,222 | (898) |
| | 306 | (916) |
| Cash flow hedge reserve represents effective portion of cash flow hedges taken to Other comprehensive income | | |

Standalone Notes

forming part of the financial statements (Contd.)

(₹ in lakhs, unless otherwise stated)

18. Borrowings

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Secured- at amortised cost | | |
| Loan repayable on demand from banks | 45 | 5,674 |
| Short term loans from banks | - | 61,695 |
| Unsecured- at amortised cost | | |
| Short term loans from | | |
| Banks | - | 65,143 |
| Others | | 30,000 |
| Loans from related parties (Refer Note 40 (E)) | 248 | 248 |
| | 293 | 162,760 |
| Long term borrowings | - | - |
| Short term borrowings | 293 | 162,760 |
| | 293 | 162,760 |

18.1 Summary of borrowing arrangements

- There are no outstanding long-term borrowings as of 31 March 2021 and as on 31 March 2020.
- Secured loans repayable on demand comprises cash credit balances secured by a pari-passu charge on current assets of the Company. Further, some of these are also secured by second charge on moveable fixed assets of the Company.
- Secured short-term loans from banks comprises of working capital demand loans secured by a pari-passu charge on current assets of Company. Further, certain borrowings are secured by specific subsidy receivables and letter of comfort from Government of India under Special Banking Arrangement.
- Unsecured short term loans comprises of commercial paper and short term loans from banks.
- Unsecured loans from related parties comprise of loan from a subsidiary, Liberty Pesticides and Fertilizers Limited.

18.2 Breach of loan agreement

There is no breach of loan agreement.

19. Other financial liabilities

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Financial liabilities mandatorily measured at fair value through profit or loss (FVTPL) | | |
| Derivatives not designated in hedge accounting relationships | | |
| Foreign currency forward contracts | 249 | 921 |
| Derivatives designated in hedge accounting relationships (includes non-current portion of ₹Nil (2020: ₹2 lakhs)) | 4 | 1,229 |
| | 253 | 2,150 |
| Financial liabilities carried at amortised cost | | |
| Security and trade deposits received (includes non-current portion of ₹176 lakhs (2020: ₹144 lakhs)) | 16,124 | 15,036 |
| Interest accrued but not due on borrowings | 1 | 284 |
| | | B111 |

Standalone Notes

forming part of the financial statements (Contd.)

(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Interest accrued but not due on others | 1,253 | 1,142 |
| Unclaimed dividends | 2,211 | 1,923 |
| Unclaimed debentures | 778 | 844 |
| Payables on purchase of fixed assets | 1,150 | 2,546 |
| Others | 500 | - |
| | 22,017 | 21,775 |
| | 22,270 | 23,925 |
| Current | 22,094 | 23,779 |
| Non-current | 176 | 146 |
| | 22,270 | 23,925 |

20. Provisions

| | As at 31 March 2021 | As at 31 March 2020 |
|--------------------|------------------------|------------------------|
| Employee benefits* | 3,527 | 3,568 |
| | 3,527 | 3,568 |
| Current | 2,155 | 1,460 |
| Non-current | 1,372 | 2,108 |
| | 3,527 | 3,568 |

*The provision for employee benefits represents leave entitlements and gratuity. Refer Note 34(a) for details of gratuity obligation.

21. Income tax

21.1 Deferred tax liabilities (net)

| | As at 31 March 2021 | As at 31 March 2020 |
|--------------------------|------------------------|------------------------|
| Deferred tax liabilities | 13,776 | 14,114 |
| Deferred tax assets | (8,160) | (8,485) |
| | 5,616 | 5,629 |

Standalone Notes

forming part of the financial statements (Contd.)

(₹ in lakhs, unless otherwise stated)

| 2020-2021 | Opening balance 1 April 2020 | Recognised in Profit or loss | Recognised in other comprehensive income | Closing balance 31 March 2021 |
|--|---------------------------------|---------------------------------|---|----------------------------------|
| Deferred tax liabilities/(assets) in relation to: | | | | |
| Property, plant and equipment | 14,114 | (338) | - | 13,776 |
| Investments at FVTOCI | (1,907) | - | 111 | (1,796) |
| Provision for doubtful debts and advances | (3,529) | (518) | - | (4,047) |
| Statutory dues allowable on payment basis | (315) | (19) | - | (334) |
| Employees separation and retirement costs | (826) | 161 | (251) | (916) |
| Others | (1,908) | 430 | 411 | (1,067) |
| Total | 5,629 | (284) | 271 | 5,616 |

| 2019-2020 | Opening balance 1 April 2019 | Recognised in Profit or loss | Recognised in other comprehensive income | Closing balance 31 March 2020 |
|--|---------------------------------|---------------------------------|---|----------------------------------|
| Deferred tax liabilities/(assets) in relation to: | | | | |
| Property, plant and equipment | 19,523 | (5,409) | - | 14,114 |
| Investments at FVTOCI | (2,203) | - | 296 | (1,907) |
| Provision for doubtful debts and advances | (4,519) | 990 | - | (3,529) |
| Statutory dues allowable on payment basis | (410) | 95 | - | (315) |
| Employees separation and retirement costs | (1,015) | 79 | 110 | (826) |
| Others | (317) | (1,292) | (299) | (1,908) |
| Total | 11,059 | (5,537) | 107 | 5,629 |

212 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:

| | As at 31 March 2021 | As at 31 March 2020 |
|--------------------------|------------------------|------------------------|
| - long-term capital loss | 44 | 44 |
| | 44 | 44 |

Long-term capital loss of ₹35 lakhs is available for set-off till 31 March 2025 and ₹9 lakhs till 31 March 2027 and ₹0.3 lakhs till 31 March 2029 (2020: ₹35 lakhs till 31 March 2025 and ₹9 lakhs till 31 March 2027).

Standalone Notes

forming part of the financial statements (Contd.)

(₹ in lakhs, unless otherwise stated)

21.3 Income tax credit/(expense) recognised directly in equity

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Tax effect on changes in fair value of other investments | (111) | (296) |
| Tax effect on actuarial gains/(losses) on defined benefit obligations | 251 | (110) |
| Tax effect on Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge | (411) | 299 |
| | (271) | (107) |

21.4 Current tax liabilities (net)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Income tax payable (net of advance tax) | 3,602 | 4,286 |
| | 3,602 | 4,286 |

21.5 Reconciliation of tax expense to the accounting profit is as follows:

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| Accounting profit before tax | 1,76,555 | 1,37,136 |
| Tax expense at statutory tax rate of 25.17% (2020: 25.17%) | 44,439 | 34,517 |
| <i>Adjustments:</i> | | |
| Effect of income that is exempt from tax | - | (17) |
| Effect of expenses that are not deductible in determining taxable profit | 885 | 371 |
| Effect of concessions (research and development and other allowances) | (21) | (17) |
| Effect of change in tax rate | - | (3,818) |
| Others | 34 | 183 |
| Tax expense reported in the Statement of Profit and Loss | 45,337 | 31,219 |

22. Other liabilities

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Advances from customers | 5,904 | 6,588 |
| Income received in advance | 827 | 876 |
| Other liabilities (including statutory remittances) | 1,140 | 1,126 |
| | 7,871 | 8,590 |
| Current | 7,044 | 7,714 |
| Non-current | 827 | 876 |
| | 7,871 | 8,590 |

Standalone Notes

forming part of the financial statements (Contd.)

(₹ in lakhs, unless otherwise stated)

23. Trade payables

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Acceptances | 1,13,353 | 63,073 |
| Other than Acceptances | 1,79,304 | 2,71,644 |
| | 2,92,657 | 3,34,717 |
| of the above: | | |
| i) Total outstanding dues of micro enterprises and small enterprises* | 936 | 943 |
| ii) Total outstanding dues of creditors other than micro enterprises and small enterprises** | 2,91,721 | 3,33,774 |
| | 2,92,657 | 3,34,717 |

* Dues 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 45.

** Includes amount payable to related party ₹1,208 Lakhs (2020: ₹1,230 lakhs). Also refer note 40(E).

24. Revenue from operations

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| The following is an analysis of the Company's revenue: | | |
| Sales | 10,76,909 | 9,82,084 |
| Government subsidies | 3,32,468 | 3,25,119 |
| Other operating revenue | 6,918 | 4,516 |
| Total Revenue from operations | 14,16,295 | 13,11,719 |
| Other operating revenues comprise: | | |
| Service income | 421 | 409 |
| DEPB income/ excise benefits | 1,696 | 2,263 |
| Provision for liabilities no longer required, written back | 3,153 | 45 |
| Insurance claim | 274 | 22 |
| Others | 1,374 | 1,777 |
| | 6,918 | 4,516 |

25. Other income

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| Interest income | 4,075 | 3,703 |
| Dividend income from investments carried at FVTPL | - | 13 |
| Dividend income from investments carried at FVTOCI | 5 | 19 |
| Profit on sale of investment | - | 34 |
| Gain on measuring investments at FVTPL (net) | 162 | - |
| | 4,242 | 3,769 |

Standalone Notes

forming part of the financial statements (Contd.)

(₹ in lakhs, unless otherwise stated)

26. Changes in inventories of finished goods, work-in-process and stock-in-trade

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|-----------------------------|-------------------------------------|-------------------------------------|
| As at 1 April | | |
| Work-in-process | 3,847 | 2,369 |
| Finished goods | 1,41,110 | 1,65,549 |
| Stock-in-trade | 36,936 | 34,149 |
| | 1,81,893 | 2,02,067 |
| Less: As at 31 March | | |
| Work-in-process | 3,898 | 3,847 |
| Finished goods | 1,05,597 | 1,41,110 |
| Stock-in-trade | 18,547 | 36,936 |
| | 1,28,042 | 1,81,893 |
| | 53,851 | 20,174 |

27. Employee benefits expense

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Salaries, wages and bonus | 45,177 | 37,903 |
| Share based payments (Refer note 33.3) | 399 | 518 |
| Contribution to provident and other funds | 3,974 | 3,330 |
| Staff welfare expenses | 3,878 | 3,971 |
| | 53,428 | 45,722 |

28. Finance cost

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--------------------------------------|-------------------------------------|-------------------------------------|
| Interest expense (Refer notes below) | 6,264 | 19,283 |
| Other borrowing costs and charges | 727 | 675 |
| Lease interest cost | 3,579 | 3,571 |
| | 10,570 | 23,529 |

Notes:

- 1) Net of ₹ Nil capitalised (2020: ₹ 433 lakhs capitalised at the average interest rate of 5.01%)
- 2) Includes ₹ 10 lakhs (2020: ₹15 lakhs) towards loan taken from a related party (Refer note 40(B))

Standalone Notes

forming part of the financial statements (Contd.)

(₹ in lakhs, unless otherwise stated)

29. Depreciation and amortisation expense

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| Depreciation of property, plant and equipment (Refer note 3) | 13,393 | 11,957 |
| Amortisation of intangible assets (Refer note 5) | 133 | 168 |
| Amortisation on Right-of-use assets (Refer note 4) | 3,683 | 3,602 |
| | 17,209 | 15,727 |

30. Other expenses

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| Stores and spares consumed | 11,343 | 8,594 |
| Power, fuel and water | 31,471 | 28,044 |
| Rent | 1,093 | 882 |
| Repairs to: | | |
| Buildings | 569 | 623 |
| Machinery | 4,328 | 3,606 |
| Others | 2,900 | 2,160 |
| Insurance charges | 2,754 | 2,091 |
| Rates and taxes | 1,402 | 1,082 |
| Freight and distribution | 89,236 | 88,440 |
| Exchange differences (net) | 4,845 | 12,218 |
| Loss on sale/scrap of property, plant and equipments (net) | 468 | 477 |
| Impairment allowance recognised for doubtful trade and other receivables, loans and advances (net) | 2,169 | 845 |
| Trade and other receivables written off | 35 | - |
| Loss on measuring investments at FVTPL (net) | - | 104 |
| Loss on sale of investments | 17 | - |
| Miscellaneous expenses | 44,293 | 39,554 |
| | 1,96,923 | 1,88,720 |

Standalone Notes

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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 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
| Nutrient and other allied business | 12,20,694 | 11,55,003 | 1,68,485 | 1,50,725 |
| Crop protection | 2,05,824 | 1,66,590 | 33,328 | 21,601 |
| | 14,26,518 | 13,21,593 | 2,01,813 | 1,72,326 |
| Less: Inter - segment | (10,223) | (9,874) | 328 | (648) |
| Total | 14,16,295 | 13,11,719 | 2,02,141 | 1,71,678 |
| Other income | | | 4,242 | 3,769 |
| Unallocable expense | | | (19,258) | (14,782) |
| Finance costs | | | (10,570) | (23,529) |
| Profit before tax | | | 1,76,555 | 1,37,136 |

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

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|------------------------------------|-------------------------------------|-------------------------------------|
| Segment assets | | |
| Nutrient and other allied business | 4,95,091 | 7,83,798 |
| Crop protection | 1,43,833 | 1,49,208 |
| Unallocable assets | 2,55,277 | 88,770 |
| Total assets | 8,94,201 | 10,21,776 |
| Segment liabilities | | |
| Nutrient and other allied business | 2,91,473 | 3,55,229 |
| Crop protection | 65,163 | 45,057 |
| Unallocable liabilities | 17,534 | 1,82,586 |
| Total liabilities | 3,74,170 | 5,82,872 |

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(₹ in lakhs, unless otherwise stated)

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.

31.3 Other segment information

| | Depreciation and amortisation | | Additions to non-current assets | |
|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------------------------------|
| | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2021 | For the year ended 31 March 2020* |
| Nutrient and other allied business | 12,990 | 12,090 | 12,246 | 62,405 |
| Crop protection | 4,219 | 3,637 | 6,919 | 6,241 |

* Includes Right-of-use recognised on transition date, 1 April 2019

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 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Phosphatic Fertilisers | 6,66,878 | 6,37,951 |
| Urea | 33,321 | 25,957 |
| Muriate of Potash | 32,065 | 28,172 |
| Single Super Phosphate | 43,873 | 37,278 |
| Others | 1,12,089 | 1,00,526 |
| | 8,88,226 | 8,29,884 |
| Government subsidies | 3,32,468 | 3,25,119 |
| Nutrient and other allied business | 12,20,694 | 11,55,003 |
| Crop protection | 2,05,824 | 1,66,590 |
| Total | 14,26,518 | 13,21,593 |
| Less: Inter - segment | (10,223) | (9,874) |
| Revenue from operations | 14,16,295 | 13,11,719 |

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.

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(₹ in lakhs, unless otherwise stated)

The following table summarises the capital of the Company:

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Equity | 5,20,031 | 4,38,904 |
| Short-term borrowings | 293 | 1,62,760 |
| Inter-corporate deposits with financial institution | (1,50,000) | (42,000) |
| Cash and cash equivalents | (63,982) | (3,236) |
| Net debt | (2,13,689) | 1,17,524 |
| Total capital (equity + net debt) | 3,06,342 | 5,56,428 |
| Net debt to capital ratio | * | 0.21 |
| Interest coverage ratio | 19.33 | 7.50 |

* As at 31 March 2021, Short term borrowings are lower than the balances of Inter corporate deposits with financial institutions and Cash and cash equivalents.

32.2 Categories of financial instruments

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Financial assets | | |
| Measured at fair value through profit or loss (FVTPL)* | | |
| (a) Mandatorily measured: | | |
| (i) Derivative instruments not designated in hedge accounting relationship | 965 | 7,015 |
| (ii) Derivative instruments designated in hedge accounting relationship | 412 | 5 |
| (iii) Equity investments | 18 | 3 |
| (iv) Other investments | 266 | 174 |
| Measured at amortised cost | | |
| (a) Cash and cash equivalents | 63,982 | 3,236 |
| (b) Bank balances other than cash and cash equivalents | 2,999 | 2,776 |
| (c) Other financial assets at amortised cost | 2,67,464 | 4,49,104 |
| Measured at FVTOCI* | | |
| (a) Investments in equity instruments designated upon initial recognition | 17,447 | 16,969 |
| (b) Investments in other instruments designated upon initial recognition | 1,609 | 1,609 |
| Measured at cost | | |
| (a) Investments in equity instruments in subsidiaries, joint ventures and associate | 15,907 | 14,709 |
| Financial liabilities | | |
| Measured at fair value through profit or loss (FVTPL)* | | |
| (a) Derivative instruments not designated in hedge accounting relationship | 249 | 921 |
| (b) Derivative instruments designated in hedge accounting relationship | 4 | 1,229 |
| Measured at amortised cost | 3,53,301 | 5,58,649 |

* Refer Note 32.9 for fair valuation methods and assumptions

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(₹ in lakhs, unless otherwise stated)

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 |

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 buyers credit, packing credit etc. are 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,

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(₹ in lakhs, unless otherwise stated)

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.

There are no long-term borrowings outstanding as on 31 March 2021 and 31 March 2020.

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 2021 | As at 31 March 2020 | As at 31 March 2021 | As at 31 March 2020 |
| USD (millions) | 256.81 | 335.46 | 37.30 | 40.25 |
| INR (₹ in lakhs) | 1,87,764 | 2,53,826 | 27,266 | 30,455 |
| EURO (millions) | 0.04 | 0.05 | 1.52 | 2.18 |
| INR (₹ in lakhs) | 36 | 45 | 1,305 | 1,805 |

b. Foreign currency forward and option contracts outstanding as at the Balance Sheet date:

| Currency | As at 31 March 2021 | | As at 31 March 2020 | |
|--------------------------|---------------------|--------|---------------------|--------|
| | Buy | Sell | Buy | Sell |
| Forward contracts | | | | |
| USD (millions)* | 191.29 | 65.92 | 293.96 | 73.33 |
| INR (₹ in lakhs) | 1,39,865 | 48,190 | 2,22,425 | 55,479 |
| Number of contracts | 63 | 59 | 96 | 47 |

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

* Includes 65.92 USD (millions) (31 March 2020 : 70.11 USD (millions)) Sell contracts outstanding under past performance facility/anticipated exposure as per Reserve Bank of India (RBI) Master Direction on Risk Management and Inter-Bank Dealings.

c. Net open exposures outstanding as at the Balance Sheet date:

| Currency | Liabilities | | Assets | |
|------------------|------------------|------------------|------------------|------------------|
| | As at March 2021 | As at March 2020 | As at March 2021 | As at March 2020 |
| USD (millions) | 65.51 | 41.50 | - | - |
| INR (₹ in lakhs) | 47,899 | 31,401 | - | - |
| EURO (millions) | 0.04 | 0.05 | 1.52 | 2.18 |
| INR (₹ in lakhs) | 36 | 45 | 1,305 | 1,805 |

d. Summary of hedging instruments outstanding at the end of the year designated as cash flow hedges:

| | As at | No. of contracts | USD (millions) | Amount in ₹ lakhs | Average exchange rate |
|---|---------------|------------------|----------------|-------------------|-----------------------|
| Sell Currency - USD with tenor less than a year | 31 March 2021 | 43 | 46.83 | 34,757 | 74.22 |
| | 31 March 2020 | 25 | 50.82 | 38,450 | 75.66 |

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(₹ in lakhs, unless otherwise stated)

Foreign currency forward contracts designated as hedging instruments in cash flow hedges of forecast sales in USD are measured at fair value through OCI. While the Company enters into other foreign exchange forward contracts to reduce the foreign exchange risk, these other contracts are not designated in hedge relationships and are measured at FVTPL.

The terms of the hedging instruments match the terms of the forecast transactions. As a result, no hedge ineffectiveness arise requiring recognition through profit or loss.

e. 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.

| | Amount in ₹ lakhs | |
|--|-------------------|---------|
| Currency USD impact on: | 2020-21 | 2019-20 |
| Impact of ₹1 strengthening against US Dollar on profit or loss for the year | 490 | 311 |
| Impact of ₹1 weakening against US Dollar on profit or loss for the year | (490) | (311) |
| Impact of ₹1 strengthening against US Dollar on Equity as at the end of the reporting period | 490 | 311 |
| Impact of ₹1 weakening against US Dollar on Equity as at the end of the reporting period | (490) | (311) |

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, 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.

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 2021 would decrease/ increase by ₹1.09 lakhs (31 March 2020: ₹ 609 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.

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(₹ in lakhs, unless otherwise stated)

If equity prices had been 5% higher/lower other comprehensive income/ equity for the year ended 31 March 2021 would increase/ decrease by ₹ 653 Lakhs (31 March 2020: ₹651 lakhs) 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 2021:

| | Carrying amount | upto 1 year | 1-3 year | More than 3 year | Total contracted cash flows |
|------------------------------------|-----------------|-----------------|--------------|------------------|-----------------------------|
| Accounts payable and acceptances | 2,92,657 | 2,92,776 | - | - | 2,92,776 |
| Borrowings and interest thereon# | 294 | 294 | - | - | 294 |
| Other financial liabilities** | 22,016 | 21,821 | - | 1,500 | 23,321 |
| Lease Liability | 38,334 | 2,143 | 3,817 | 32,374 | 38,334 |
| Foreign currency forward contracts | 253 | 253 | - | - | 253 |
| Total | 3,53,554 | 3,17,287 | 3,817 | 33,874 | 3,54,978 |

The table below provides details of financial assets as at 31 March 2021:

| | Carrying amount |
|---|-----------------|
| Investments | * |
| Trade receivables | 56,231 |
| Government subsidies receivable | 58,966 |
| Cash and cash equivalents including other bank balances | 66,981 |
| Loans | 1,50,012 |
| Other financial assets | 2,255 |
| Foreign currency forward contracts | 1,377 |
| Total | 3,35,822 |

* Less than a lakh

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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 31 March 2020:

| | Carrying amount | upto 1 year | 1-3 year | More than 3 year | Total contracted cash flows |
|------------------------------------|-----------------|-----------------|--------------|------------------|-----------------------------|
| Accounts payable and acceptances | 3,34,717 | 3,36,296 | - | - | 3,36,296 |
| Borrowings and interest thereon# | 1,63,044 | 1,63,576 | - | - | 1,63,576 |
| Other financial liabilities** | 21,491 | 21,318 | - | 1,500 | 22,818 |
| Lease Liability | 39,397 | 1,855 | 5,643 | 31,899 | 39,397 |
| Foreign currency forward contracts | 2,150 | 2,148 | 2 | - | 2,150 |
| Total | 5,60,799 | 5,25,193 | 5,645 | 33,399 | 5,64,237 |

The table below provides details of financial assets as at 31 March 2020:

| | Carrying amount |
|---|-----------------|
| Investments | * |
| Trade receivables | 1,72,435 |
| Government subsidies receivable | 2,31,622 |
| Cash and cash equivalents including other bank balances | 6,012 |
| Loans | 42,011 |
| Other financial assets | 3,036 |
| Foreign currency forward contracts | 7,015 |
| Total | 4,62,131 |

* Less than a lakh

Included in Borrowing and interest thereon 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 ₹15,948 Lakhs (31 March 2020: ₹14,892 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 instalment due to the lenders and delayed the payment. The same was not agreed to by the Lenders and 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 31 March 2017). 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.

Considering the discussions held with Lenders and operational improvement achieved by TIFERT during the year, the Company reasonably considers that TIFERT would be in a position to meet the debt obligations and it is unlikely that

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(₹ in lakhs, unless otherwise stated)

such an event of payment under guarantee amount will arise. TIFERT has paid the subsequent half-yearly instalments that were due as per the payment schedule. The sponsor guarantee was valid upto 31 March 2018. The Company's obligation under this corporate guarantee if that amount is claimed by the counterparty to the guarantee is subject to a maximum of ₹10,299 Lakhs (31 March 2020: ₹13,707 Lakhs).

32.8 Financing facilities

The Company has access to financing facilities of which ₹3,49,821 Lakhs (as at 31 March 2020: ₹3,10,699 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 2021 | As at 31 March 2020 | | |
| 1) Foreign currency forward contracts | 1,124 | 4,870 | Level 2 | Refer Note 3(a) below |
| 2) Investments in quoted equity instruments at FVTPL | 18 | 3 | Level 1 | Refer Note 2 below |
| 3) Investments in unquoted venture capital fund at FVTPL | 266 | 174 | Level 3 | Refer Note 4(a) below |
| 4) Investments in unquoted equity instruments at FVTOCI | 14,292 | 14,217 | Level 3 | Refer Note 4(b) below |
| | 3,155 | 2,752 | Level 3 | Refer Note 4(c) below |

* positive value denotes financial asset (net) and negative value denotes financial liability (net)

Notes:

- There were no transfers between Level 1 and 2 in the period.
- The Level 1 financial instruments are measured using quotes in active market.
- 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 | Discounted Cash Flow | Forward exchange rates, contract forward and interest rates, observable yield curves. |

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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 ₹15 lakhs (2020: ₹13 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 0 to 3% (2020: 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 ₹1,203 lakhs (2020: ₹1,766 lakhs) |
| | | Weighted average cost of capital (WACC) as determined ranging from 13% to 17% (2020: 12% to 16%) | 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 ₹1,335 lakhs (2020: ₹1,427 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% (2020: 30% to 50%) | A 10% increase/ decrease in the discount for lack of marketability used in isolation would decrease/ increase the carrying amount by ₹291 lakhs (2020: ₹206 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 2021 | | As at 31 March 2020 | |
|--|----------------------|---------------------|------------|---------------------|------------|
| | | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets | | | | | |
| Financial assets at amortised cost: | | | | | |
| - Trade receivables | Level 2 | 56,231 | 56,231 | 1,72,435 | 1,72,435 |
| - Government subsidies receivable | Level 2 | 58,966 | 58,966 | 2,31,622 | 2,31,622 |
| - Cash and cash equivalents | Level 2 | 63,982 | 63,982 | 3,236 | 3,236 |
| - Bank balances other than cash and cash equivalents | Level 2 | 2,999 | 2,999 | 2,776 | 2,776 |
| - Loans | Level 2 | 1,50,012 | 1,50,012 | 42,011 | 42,011 |
| - Other financial assets | Level 2 | 2,255 | 2,255 | 3,036 | 3,036 |

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(₹ in lakhs, unless otherwise stated)

| | Fair value hierarchy | As at 31 March 2021 | | As at 31 March 2020 | |
|--|----------------------|---------------------|------------|---------------------|------------|
| | | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial liabilities | | | | | |
| Financial liabilities at amortised cost: | | | | | |
| - Borrowings | Level 2 | 293 | 293 | 1,62,760 | 1,62,760 |
| - Trade payables | Level 2 | 2,92,657 | 2,92,657 | 3,34,717 | 3,34,717 |
| - Other financial liabilities | Level 2 | 22,017 | 22,049 | 21,775 | 21,921 |
| - Lease liabilities | Level 2 | 38,334 | 38,334 | 39,397 | 39,397 |

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 2021:

| | Investments in unquoted venture capital fund at FVTPL | Investments in unquoted equity instruments at FVTOCI | Total |
|---------------------------------------|---|--|---------------|
| Opening balance | 174 | 16,969 | 17,143 |
| Total gains or losses: | | | |
| - in profit or loss | 148 | - | 148 |
| - in other comprehensive income (net) | - | 478 | 478 |
| Purchases | - | - | - |
| Sold | (56) | - | (56) |
| Closing balance | 266 | 17,447 | 17,713 |

Reconciliation of Level 3 fair value measurements for the year ended 31 March 2020:

| | Investments in unquoted venture capital fund at FVTPL | Investments in unquoted equity instruments at FVTOCI | Total |
|---------------------------------------|---|--|---------------|
| Opening balance | 324 | 15,698 | 16,022 |
| Total gains or losses: | | | |
| - in profit or loss | (96) | - | (96) |
| - in other comprehensive income (net) | - | 1,271 | 1,271 |
| Purchases | 16 | - | 16 |
| Sold | (70) | - | (70) |
| Closing balance | 174 | 16,969 | 17,143 |

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(₹ in lakhs, unless otherwise stated)

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 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 2021 | | For the year ended 31 March 2020 | |
|------------------------------|----------------------------------|-------------------------------------|----------------------------------|-------------------------------------|
| | No. of Options | Weighted average exercise price (₹) | No. of Options | Weighted average exercise price (₹) |
| At the beginning of the year | 2,150 | 287.50 | 28,400 | 287.50 |
| Granted | - | - | - | - |
| Exercised | 2,150 | 287.50 | 26,250 | 287.50 |
| Cancelled | - | - | - | - |
| Lapsed | - | - | - | - |
| At the end of the year | - | - | 2,150 | 287.50 |

b) The above outstanding options have been granted in various tranches and have a weighted average remaining life of nil years (2020: 0.01 years). The exercise price of the outstanding options is Nil (2020 : ₹287.50). The weighted average share price during the year is ₹740 (2020 : ₹468).

c) Number of options exercisable at the end of the year Nil (2020 : 2,150).

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 behavioral considerations. Expected volatility is based on the historical share price volatility over the past 3-4 years.

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(₹ in lakhs, unless otherwise stated)

Following assumptions were used for calculation of fair value of grants:

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|-----------------------------|-------------------------------------|-------------------------------------|
| Dividend yield (%) | - | 700 |
| Expected volatility (%) | - | 0.39-0.47 |
| Risk free interest rate (%) | - | 8 |
| Expected term (in years) | - | 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 2021 | | For the year ended 31 March 2020 | |
|------------------------------|----------------------------------|-------------------------------------|----------------------------------|-------------------------------------|
| | No. of Options | Weighted average exercise price (₹) | No. of Options | Weighted average exercise price (₹) |
| At the beginning of the year | 17,55,990 | 357.49 | 21,54,120 | 347.68 |
| Granted* | 2,13,400 | 734.21 | 1,26,840 | 375.90 |
| Exercised | 4,22,780 | 338.84 | 4,00,170 | 322.30 |
| Cancelled | 1,47,870 | 354.92 | 1,24,800 | 319.65 |
| Lapsed | - | - | - | - |
| At the end of the year | 13,98,740 | 420.87 | 17,55,990 | 357.49 |

* the weighted average fair value of options granted during the year is ₹265.68 (2020: ₹127.91)

- b) The above outstanding options have been granted in various tranches and have a weighted average remaining life of 1.93 years (2020: 2.39 years). The exercise price of the outstanding options range from ₹319.65 to ₹799.35 (2020: ₹319.65 to ₹529.40). The weighted average share price during the year is ₹740 (2020: ₹468).
- c) Number of options exercisable at the end of the year are 9,68,110 (2020: 8,21,850).
- 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 behavioral 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 2021 | For the year ended 31 March 2020 |
|-----------------------------|-------------------------------------|-------------------------------------|
| Dividend yield (%) | 650 | 650 |
| Expected volatility (%) | 0.32-0.33 | 0.32-0.33 |
| Risk free interest rate (%) | 4.77-5.86 | 6.14-6.43 |
| Expected term (in years) | 3.50-6.51 | 3.51-6.51 |

33.3 Share based payments

The Company recorded employee share based payments of ₹399 Lakhs (2020: ₹518 Lakhs) under 'Employee benefits expense'.

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(₹ in lakhs, unless otherwise stated)

34 Employee benefits plan

a) Defined benefit plans

| | Gratuity plan | |
|--|---------------|--------------|
| | 2020-2021 | 2019-2020 |
| Change in Defined Benefit Obligation (DBO) during the year | | |
| Present value of DBO at the beginning of the year | 5,854 | 5,405 |
| Current service cost | 637 | 578 |
| Interest cost | 371 | 379 |
| Actuarial loss/(gain) arising from changes in financial assumptions | (9) | 244 |
| Actuarial loss/(gain) arising from changes in experience adjustments | 504 | (9) |
| Benefits paid | (846) | (743) |
| Present value of DBO at the end of the year | 6,511 | 5,854 |
| Change in fair value of plan assets during the year | | |
| Fair value of plan assets at the beginning of the year | 5,624 | 5,622 |
| Interest income | 400 | 424 |
| Employer contributions | 1,400 | - |
| Benefits paid | (846) | (743) |
| Remeasurements – return on plan assets (excluding interest income) | (501) | 321 |
| Fair value of assets at the end of the year | 6,077 | 5,624 |
| Amounts recognised in the Balance Sheet | | |
| Present value of DBO at the end of the year | 6,511 | 5,854 |
| Fair value of plan assets at the end of the year | (6,077) | (5,624) |
| Funded status of the plans – (asset)/ liability | 434 | 230 |
| (Asset)/ liability recognised in the Balance Sheet | 434 | 230 |
| Components of employer expense | | |
| Current service cost | 637 | 578 |
| Interest income on net defined benefit obligation | (29) | (44) |
| Expense recognised in Statement of Profit and Loss | 608 | 534 |
| Remeasurement on the net defined benefit obligation | | |
| Return on plan assets (excluding interest income) | 501 | (321) |
| Actuarial loss/(gain) arising from changes in financial assumptions | (9) | 244 |
| Actuarial loss/(gain) arising from changes in experience adjustments | 504 | (9) |
| Remeasurements recognised in other comprehensive income | 996 | (86) |
| Total defined benefit cost recognized | 1,604 | 448 |

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| Nature and extent of investment details of the plan assets# | 2020-21 | 2019-20 |
|---|---------|---------|
| State and Central Securities | - | - |
| Bonds | - | - |
| Special Deposits | - | - |
| Insurer managed finds | 100% | 100% |

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.

| Assumption | 31 March 2021 | 31 March 2020 |
|---|---------------|---------------|
| Discount rate | 6.86% | 6.84% |
| Estimated rate of return on plan assets | 7.12% | 7.54% |
| Expected rate of salary increase | 5-7% | 5-7% |
| Attrition rate | 5% | 5% |

Sensitivity analysis - DBO at the end of the year

| | 31 March 2021 | 31 March 2020 |
|----------------------------------|---------------|---------------|
| Discount rate + 100 basis points | 6,081 | 5,498 |
| Discount rate - 100 basis points | 7,003 | 6,259 |
| Salary increase rate +1% | 6,942 | 6,209 |
| Salary increase rate -1% | 6,125 | 5,534 |
| Attrition rate +1% | 6,484 | 5,844 |
| Attrition rate -1% | 6,542 | 5,865 |

| | 31 March 2021 | 31 March 2020 |
|--|---------------|---------------|
| Weighted average duration of DBO | 11 years | 11 years |
| Expected cash flows (₹ in Lakhs) | | |
| 1. Expected employer contribution in the next year | 636 | 709 |
| 2. Expected benefit payments | | |
| Year 1 | 889 | 807 |
| Year 2 | 805 | 717 |
| Year 3 | 621 | 655 |
| Year 4 | 482 | 498 |
| Year 5 | 485 | 392 |
| Beyond 5 years | 1,920 | 1,608 |

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b) Defined contribution plans

In respect of the defined contribution plans, an amount of ₹3,363 Lakhs (2020: ₹2,793 Lakhs) has been recognised as an expense in the Statement of Profit and Loss during the year.

35 Earnings per share

| | | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-----|-------------------------------------|-------------------------------------|
| i) Profit after tax (₹ in Lakhs) | [a] | 1,31,218 | 1,05,917 |
| Basic | | | |
| ii) Weighted average number of equity shares of ₹1/- each outstanding during the year | [b] | 29,31,65,645 | 29,26,25,865 |
| Dilution | | | |
| iii) Effect of potential equity shares on employees stock options outstanding | | 7,94,319 | 7,14,322 |
| iv) Weighted average number of equity shares of ₹1/- each outstanding during the year | [c] | 29,39,59,964 | 29,33,40,187 |
| Earnings Per Share (face value of ₹1/- each) | | | |
| v) Basic – [a]/[b] – (₹) | | 44.76 | 36.20 |
| vi) Diluted – [a]/[c] – (₹) | | 44.64 | 36.11 |

36 Contingent liabilities (to the extent not provided for)

Claims against the Company not acknowledged as debt:

₹ in Lakhs

| | As at 31 March 2021 | As at 31 March 2020 |
|--------------------------------------|------------------------|------------------------|
| In respect of matters under dispute: | | |
| Excise duty | 344 | 390 |
| Customs duty | 820 | 848 |
| Sales tax | 1,267 | 1,549 |
| Income tax | 406 | 2,096 |
| Service tax | 264 | 248 |
| Goods and Services Tax | 37 | 5 |
| Others | 5,630 | 5,630 |

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

| Nature and extent of investment details of the plan assets# | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Capital expenditure commitments | 5,961 | 5,983 |
| Commitment towards investments | - | 1,200 |

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(₹ in lakhs, unless otherwise stated)

38 Corporate social responsibility

As per Section 135 of the Companies Act, 2013 ('Act'), a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The focus areas of Company's CSR activities are Education and Health care & while also pursuing CSR activities for the benefit of community around its local areas of operations. The CSR activities of the Company are in line with the Schedule VII of the Act. A CSR committee has been formed by the Company as per the Act. The CSR Committee shall recommend the amount of expenditure to be incurred on the CSR activities to be undertaken by the Company as specified in Schedule VII of the Act, as amended from time to time.

a) Gross amount required to be spent by the company during the year is ₹2,322 lakhs.

b) Amount spent during the year on:

| Particulars | (₹ in Lakhs) |
|---|--------------|
| (i) Construction / acquisition of any asset | - |
| (ii) On purposes other than (i) above | 2,178 |

c) Details of amount unspent

| Opening balance | Amount deposited in Specified Fund of Sch. VII within 6 months | Amount required to be spent during the year | Amount spent during the year (Refer Note below) | Closing balance |
|-----------------|--|---|---|-----------------|
| 152 | - | 2,322 | 2,178 | 296 |

Note:

Includes amount of ₹102 Lakhs pertaining to amounts unspent on CSR projects due to COVID-19 pandemic and ₹194 Lakhs contributed to and remaining unspent by implementation partner AMM foundation for ongoing CSR activities.

The Company has transferred these unspent amounts to a separate bank account on April 30, 2021 in compliance with Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 vide MCA notification dated January 22, 2021.

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

(₹ in Lakhs)

| Nature and extent of investment details of the plan assets# | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|----------------------------------|----------------------------------|
| Salaries, wages and bonus | 945 | 880 |
| Contribution to provident and other funds | 91 | 77 |
| Consumption of stores and spare parts | 134 | 228 |
| Power and fuel | 58 | 61 |
| Repairs to machinery | 47 | 120 |
| Miscellaneous expenses | 178 | 497 |
| | 1,453 | 1,863 |

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(₹ in lakhs, unless otherwise stated)

40 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 2021 | 31 March 2020 |
| Liberty Pesticides and Fertilisers Limited (LPFL) | Subsidiary | India | 100 | 100 |
| Sabero Organics America S.A. (SOAL) | Subsidiary | Brazil | 99.98 | 99.98 |
| Sabero Australia Pty Ltd, Australia (Sabero Australia) | Subsidiary | Australia | 100 | 100 |
| Sabero Europe B.V. (Sabero Europe) | Subsidiary | Netherlands | 100 | 100 |
| Sabero Argentina S.A. (Sabero Argentina) | Subsidiary | Argentina | 95 | 95 |
| Coromandel Agronegocios de Mexico, S.A de C.V. (Coromandel Mexico) | Subsidiary | Mexico | 100 | 100 |
| Parry Chemicals Limited (PCL) | Subsidiary | India | 100 | 100 |
| Dare Investments Limited (DIL) | Subsidiary | India | 100 | 100 |
| CFL Mauritius Limited (CML) | Subsidiary | Mauritius | 100 | 100 |
| Coromandel Brasil Limitada (CBL) | Subsidiary | Brazil | 100 | 100 |
| Parry America, Inc. (PAI) | Subsidiary | USA | 100 | 100 |
| Coromandel International (Nigeria) Limited (CINL) | Subsidiary | Nigeria | 99.99 | 99.99 |
| Coromandel Mali SASU (w.e.f 4 February 2020) (CMS) | Subsidiary | Mali | 100 | 100 |
| Coromandel SQM (India) Pvt Limited (CSQM) (Joint Venture till 23 August 2020) | Subsidiary | India | 100 | 50 |
| Sabero Organics Philippines Asia Inc. | Associate | Philippines | 40 | 40 |
| Yanmar Coromandel Agrisolutions Private Limited (YCAS) | Joint venture | India | 40 | 40 |

(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 Enterprises (India) Limited (PEIL) | Associate of parent company |
| Coromandel Provident Fund (PF Trust) | Employee benefit plan |
| Coromandel Provident Fund No. 1 (PF Trust) | 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. A. Vellayan | Key management personnel (appointed as Additional Director w.e.f. 11 November 2020 and as Chairman w.e.f. 12 November 2020) |
| Mr. Arun Alagappan | Key management personnel (appointed as Additional Director w.e.f. 11 November 2020 and as Executive Vice Chairman w.e.f. 15 February 2021) |
| Mr. Arun Vellayan | Relative of Key management personnel –son of Chairman. |
| Mr. Narayanan Vellayan | Relative of Key management personnel -son of Chairman. |
| Mr. Sameer Goel | Key management personnel (Managing director) |
| Mr. S Suresh | Key management personnel of Parent company |

Standalone Notes

forming part of the financial statements (Contd.)

(₹ in lakhs, unless otherwise stated)

(B) Transactions during the year:

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| i) Sale of finished goods/raw materials/services | | |
| a) Subsidiary-CSQM | 747 | 298 |
| b) Subsidiary- PAI | 7,178 | 4,060 |
| ii) Rent received | | |
| a) Fellow subsidiary – PICPL | 95 | 95 |
| b) Subsidiary – CSQM | 17 | 4 |
| c) Associate – PEIL | - | 8 |
| iii) Expenses reimbursed by | | |
| a) Subsidiary – CSQM | 54 | 54 |
| b) Associate – PEIL | - | 3 |
| c) Subsidiary - PAI | 6 | 7 |
| d) Subsidiary – PCL | 26 | 24 |
| iv) Purchase of finished goods and services | | |
| a) Parent company | 842 | 320 |
| b) Joint venture – CSQM | 5,136 | 4,195 |
| c) Associate – PEIL | 157 | 1,230 |
| v) Commission on sales | | |
| a) Subsidiary – PCL | 31 | 28 |
| b) Subsidiary – CBL | 263 | 309 |
| c) Subsidiary – Coromandel Mexico | 161 | 228 |
| d) Subsidiary – SOAL | 91 | 224 |
| e) Subsidiary – Sabero Australia | 20 | 64 |
| f) Subsidiary – CINL | 43 | 22 |
| g) Associate – Sabero Philippines | 46 | 22 |
| vi) Expenses reimbursed to | | |
| a) Parent company | 195 | 693 |
| b) Subsidiary – LPFL | 1 | 5 |
| c) Subsidiary – PAI | - | 29 |
| vii) Interest received on Inter corporate deposit/Loan | | |
| a) Subsidiary - DIL | 1 | 1 |
| viii) Investment made in Equity shares of | | |
| a) Joint Venture – Yanmar | - | 300 |
| b) Subsidiary- CMS | - | 7 |
| ix) Purchase of assets and spares | | |
| a) Joint venture – YCAS | 34 | 36 |
| x) Dividend paid (including interim dividend payable) | | |
| a) Parent company | 30,484 | 6,200 |
| xi) Rent paid | | |
| a) Parent company | 65 | 49 |
| b) Subsidiary – PCL | 3 | 3 |
| c) Joint venture – YCAS | - | 1 |
| xii) Interest paid on loans | | |

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Standalone Notes

forming part of the financial statements (Contd.)

(₹ in lakhs, unless otherwise stated)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|----------------------|-------------------------------------|-------------------------------------|
| a) Subsidiary – LPFL | 10 | 15 |
| xiii) Loan given | | |
| a) Subsidiary – DIL | 1 | - |

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.

(C) Transactions with key management personnel

a) Dividends paid to directors during the year ended 31 March 2021 ₹32 Lakhs (2020: ₹6 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.

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|------------------------------|-------------------------------------|-------------------------------------|
| Short-term employee benefits | 1,062 | 496 |
| Others* | 332 | 319 |
| Total compensation | 1,394 | 815 |

* excludes Goods and Services Tax

c) During the year, the Company has not granted any employee stock options to its key managerial personnel.

d) During the year, the company has sold car and laptop to its key managerial personnel for ₹7 lakhs.

(D) Refer Note 34 for transactions with Employee benefit funds.

(E) Outstanding balances as at the year end

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| a) Trade receivables/Loans and advances | | |
| - Parent company | 725 | 254 |
| - Subsidiary – PCL | - | 3 |
| - Subsidiary – DIL | 15 | 14 |
| - Subsidiary – PAI | 2,215 | 745 |
| - Subsidiary – CINL | - | 2 |
| - Subsidiary – CSQM | 373 | 140 |
| - Associate – PEIL | 5 | 37 |
| - Associate – Sabero Philippines | 6 | 6 |
| - Subsidiary – SOAL | - | 135 |
| - Fellow subsidiary – PICPL | 3 | 22 |
| - PF Trust | 422 | - |
| b) Trade payables/ Other liabilities | | |
| - Parent company | 295 | 645 |
| - Subsidiary – CSQM | 894 | 514 |
| - Fellow subsidiary – PICPL | 1,019 | 1,049 |
| - Subsidiary – LPFL | 248 | 248 |

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Standalone Notes

forming part of the financial statements (Contd.)

(₹ in lakhs, unless otherwise stated)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|----------------------------------|-------------------------------------|-------------------------------------|
| - Joint venture – YCAS | 11 | 19 |
| - Associate – PEIL | 8 | 28 |
| - Subsidiary – Coromandel Mexico | - | 24 |

41 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:

| | Relationship | As at 31 March 2021 | Maximum balance outstanding during the year |
|---|--------------|------------------------|---|
| Dare Investments Limited (DIL) (Refer note b) | Subsidiary | 12 | 12 |
| | | (11) | (11) |

Notes:

- Figures in bracket relate to previous year.
- 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.

42 Payments to Auditors

₹ in Lakhs

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---------------------------|-------------------------------------|-------------------------------------|
| Audit fees | 75 | 75 |
| Tax audit fees | 15 | 15 |
| Limited reviews | 36 | 36 |
| Certifications | 70 | 70 |
| Other services | - | 10 |
| Reimbursement of expenses | 2 | 2 |
| Total | 198 | 208 |

Note: Amounts given above excludes Goods and Services Tax/ service tax

- During the year, the Company has made political donation of ₹ Nil (2020: ₹ 413 Lakhs) to Triumph Electoral Trust.
- During the previous year ended 31 March 2020, pursuant to the requirements of SEBI circular no SEBI/HO/DDHS/DDHS/ CIR/P/2019/115 dated 22 October 2019, the Company has listed commercial papers on a recognised stock exchange. There are no Commercial papers outstanding as on 31 March 2021
- 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:

Standalone Notes

forming part of the financial statements (Contd.)

(₹ in lakhs, unless otherwise stated)

₹ in Lakhs

| Sl. No. | Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---------|---|------------------------|------------------------|
| (i) | Principal amount due to suppliers under MSMED Act, as at the end of the year | 936 | 943 |
| (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.

- 46** The Board of Directors have approved the proposed Scheme of Amalgamation of Liberty Pesticides and Fertilizers Limited (LPFL) and Coromandel SQM (India) Private Limited (CSQM) with the Company subject to approval of the Hon'ble National Company Law Tribunal, Hyderabad (NCLT) under Section 230 and 232 of the Companies Act 2013. Upon approval of the Scheme by NCLT, the undertakings of LPFL and CSQM shall get transferred to and vested in the Company with the Appointed Date of 01 April 2021 or such other date as the NCLT may approve.
- 47** The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

48 Approval of financial statements

The financial statements were approved by the Board of Directors on 29 April 2021.

For and on behalf of the Board of Directors

Sameer Goel
Managing Director

A Vellayan
Chairman

Jayashree Satagopan
Chief Financial Officer

Rajesh Mukhija
Company Secretary

Place: Secunderabad/ Chennai
Date : 29 April 2021

INDEPENDENT AUDITOR'S REPORT

To The Members of Coromandel International Limited Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Coromandel International Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which includes Group's share of profit in its associate and joint ventures, which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associate and joint ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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 the sub-paragraphs (a) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sl.No. | Key Audit Matter | Auditor's Response |
|--------|--|---|
| 1 | <p>Revenue Recognition – Sale of goods</p> <p>Refer to note 2.6 'Revenue recognition', note 2.31.1 'Critical judgements in applying accounting policies' and note 2.31.2 'Key sources of estimation uncertainty' to the consolidated financial statements.</p> <p>Revenue from sale of goods is recognised when the control of goods is transferred to the customers. In accordance with the accounting policy, control is transferred either when the product is delivered to the customer's site or when the product is shipped, depending on the applicable terms. The Management has exercised judgement in applying the revenue accounting policy while recognising revenue.</p> | <p>We have performed the following principal audit procedures in relation to revenue recognised by the Parent.</p> <ul style="list-style-type: none">• Understood the revenue recognition process, evaluated the design and implementation, and operating effectiveness of internal controls relating to revenue recognised.• Selected samples and tested the operating effectiveness of internal controls, relating to transfer of control. We carried out a combination of procedures involving enquiry, observation and inspection of evidence in respect of operation of these controls.• Tested the relevant information technology general controls, automated controls, and the related information used in recording and disclosing revenue.• In respect of the selected sample of transactions:<ul style="list-style-type: none">o Tested whether the revenue is recognised upon transfer of control to customer. |

| Sl.No. | Key Audit Matter | Auditor's Response |
|--------|--|--|
| 2 | <p>Accuracy, recognition, measurement, valuation, presentation and disclosures of Subsidy income/Government subsidies and related receivables</p> <p>Refer to note 2.6 'Revenue recognition' and note 2.31.2 'Key sources of estimation uncertainty' to the consolidated financial statements.</p> <p>Subsidy income pertaining to the Nutrient and other allied business is recognised on the basis of the rates notified from time to time by the Department of Fertilisers, Government of India ('GOI') 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, when there is a reasonable assurance that the Company will comply with all necessary conditions attached to Subsidy including Direct Benefit Transfer ('DBT') System which was introduced by Government of India.</p> <p>For the year ended March 31, 2021, subsidy income of ₹ 332,468 lakhs is recognised. Recognition and realisability of subsidy income is dependent on GOI Policy and its various initiatives/schemes.</p> | <ul style="list-style-type: none"> o We have evaluated the delivery and shipping terms of the contracts for revenue recognised during the period. o We have also tested the location stock reports from Company warehouses, where applicable, for confirmation on sales quantity made during the year. o We have tested on a sample basis (including for sales near to the period end) the acknowledgments of customers. In respect of sales of fertiliser products we have also agreed the quantities sold as per the Company books with the customer acknowledgements as per the iFMS portal of the Department of Fertilisers. <p>The following principal audit procedures have been performed by us in relation to subsidy income recognition.</p> <ul style="list-style-type: none"> • We have read the relevant circulars and notifications issued by GOI from time to time with regard to the subsidy policies. • We enquired with the relevant personnel in the Company with regard to the updates of GOI Policy and their interpretations of the relevant circulars and notifications. • Tested the relevant information technology general controls, automated controls, and the related information used in recording and disclosing subsidy income. • We have tested the NBS rates considered by the Company for the product subsidy with the applicable circulars and notifications. • We have correlated the sales quantity considered for subsidy income with the actual sales made by the Company. • We have also agreed the quantities sold as per the Company books with the customer acknowledgements as per the iFMS portal of the Department of Fertilisers and tested the DBT claims made by the Company. • We have enquired from the Management and discussed with Those Charged With Governance, the appropriateness of the subsidy rates applied to recognise subsidy income. <p>Valuation of subsidy receivables:</p> <p>Following are the principal audit procedures performed by us for testing valuation of subsidy receivables:</p> <ul style="list-style-type: none"> • We have analysed and discussed the status of outstanding subsidy receivables and its realisability with the Management. • We have tested the sanction notes received from the GOI for receipts. • We have tested the credits in the bank statements for the receipts during the year and also the subsequent receipts. • We have tested whether the deductions made by the GOI have been adjusted in the books of accounts. |

Information Other than the Financial Statements and Auditor's Report Thereon

The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report and Management Discussion and Analysis, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries, joint ventures and an associate audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, joint ventures and an associate, is traced from their financial statements audited by the other auditors.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associate and joint ventures in accordance with the Ind AS and other accounting principles generally accepted in India. 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; 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 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 financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate and joint ventures are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate and joint ventures are also responsible for overseeing the financial reporting process of the Group and of its associate and joint ventures.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate and joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such branches or entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including

any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- (a) We did not audit the financial statements / financial information of nine subsidiaries, whose financial statements / financial information reflect total assets of ₹ 13,522 lakhs as at March 31, 2021, total revenues of ₹ 13,048 lakhs and net cash inflows amounting to ₹ 2,216 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 10 lakhs for the year ended March 31, 2021, as considered in the consolidated financial statements, in respect of one associate and an 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 financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and an associate, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint venture and an associate is based solely on the reports of the other auditors.

Five of these subsidiaries 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 Parent's management has converted the financial statements of such subsidiaries 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 Parent's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Parent and audited by us.

- (b) We did not audit the financial statements / financial information of five subsidiaries, whose financial statements / financial information reflect total assets of ₹ 328 lakhs as at March 31, 2021, total revenues of ₹ 263 lakhs and net cash outflows amounting to ₹ 45 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 531 lakhs for the year ended March 31, 2021, as considered in the consolidated financial statements, in respect of a 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 financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and a 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.

Our opinion on the consolidated 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 reports of the other auditors on the separate financial statements/ financial information of the subsidiaries, associate and joint ventures referred to in the Other Matters section 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 financial statements.

- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated 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 the 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 financial statements.
- d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- e. On the basis of the written representations received from the directors of the Parent as on March 31, 2021 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies and joint ventures incorporated in India, none of the directors of the Group companies and joint venture companies incorporated in India is disqualified as on March 31, 2021 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, subsidiary companies, and joint venture companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/payable by the Parent Company to its Managing director during the year is in accordance with the provisions of Section 197 of the Act and the remuneration paid/payable in respect of its whole-time director is subject to the approval of shareholders in the ensuing general meeting of the Parent Company.

h. 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 consolidated 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.

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

Sumit Trivedi
(Partner)

Place: Secunderabad
Date: 29 April 2021

(Membership No. 209354)
UDIN: 21209354AAAAFN1426

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 financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of **Coromandel International Limited** (hereinafter referred to as “the Parent”) and its subsidiary companies and joint venture, 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 venture, 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 venture, 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 venture, 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 and its subsidiary companies 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 March 31, 2021, based on the criteria for internal financial control over financial reporting 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 four subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

The Parent has consolidated financial information of a joint venture which is a company incorporated in India on the basis of unaudited financial statements/ financial information. In our opinion and according to the information and explanations given to us by the Management, such joint venture is not material to the Group.

Our opinion is not modified in respect of the above matters.

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

Sumit Trivedi

(Partner)

(Membership No. 209354)

Place: Secunderabad

Date: 29 April 2021

UDIN: 21209354AAAAFN1426

Consolidated Balance Sheet

as at 31 March 2021

(₹ in Lakhs, unless otherwise stated)

| | Note | As at 31 March 2021 | As at 31 March 2020 |
|--|------|------------------------|------------------------|
| I ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Property, plant and equipment | 3 | 1,61,633 | 1,61,377 |
| (b) Right-of-use assets | 4 | 39,013 | 41,201 |
| (c) Capital work-in-progress | 3 | 7,570 | 4,921 |
| (d) Goodwill | | 32 | 32 |
| (e) Other intangible assets | 5 | 866 | 618 |
| (f) Intangible assets under development | 5 | 1,408 | 1,622 |
| (g) Financial assets | | | |
| i) Investments | | | |
| a) Investments in joint ventures and associate | 6 | 1,359 | 2,079 |
| b) Other investments | 6 | 20,020 | 19,054 |
| ii) Other financial assets | 7 | - | 5 |
| (h) Income tax assets (net) | | 100 | 43 |
| (i) Other non-current assets | 8 | 5,434 | 4,546 |
| | | 2,37,435 | 2,35,498 |
| 2 Current assets | | | |
| (a) Inventories | 9 | 2,60,088 | 2,69,713 |
| (b) Financial assets | | | |
| i) Investments | 10 | * | * |
| ii) Trade receivables | 11 | 55,442 | 1,73,411 |
| iii) Government subsidies receivable | | 58,966 | 2,31,622 |
| iv) Cash and cash equivalents | 12 | 69,210 | 5,054 |
| v) Bank balances other than cash and cash equivalents | 13 | 2,999 | 2,776 |
| vi) Loans | 14 | 1,51,368 | 42,857 |
| vii) Other financial assets | 7 | 3,658 | 10,089 |
| (c) Other current assets | 15 | 50,400 | 43,857 |
| | | 6,52,131 | 7,79,379 |
| Total assets | | 8,89,566 | 1,014,877 |
| II EQUITY AND LIABILITIES | | | |
| 1 Equity | | | |
| (a) Equity share capital | 16 | 2,934 | 2,930 |
| (b) Other equity | 17 | 5,12,125 | 4,28,840 |
| Equity attributable to owners of the Company | | 5,15,059 | 4,31,770 |
| 2 Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| i) Lease liabilities | 4 | 36,191 | 37,542 |
| ii) Other financial liabilities | 19 | 176 | 146 |
| (b) Provisions | 20 | 1,372 | 2,108 |
| (c) Deferred tax liabilities (net) | 21.1 | 5,756 | 5,783 |
| (d) Other non-current liabilities | 22 | 827 | 877 |
| | | 44,322 | 46,456 |
| 3 Current liabilities | | | |
| (a) Financial liabilities | | | |
| i) Borrowings | 18 | 161 | 1,62,512 |
| ii) Lease liabilities | 4 | 2,143 | 1,855 |
| iii) Trade payables | 23 | | |
| Total outstanding dues of micro enterprises and small enterprises | | 936 | 943 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 2,91,280 | 3,33,868 |
| iv) Other financial liabilities | 19 | 22,594 | 23,783 |
| (b) Provisions | 20 | 2,172 | 1,460 |
| (c) Current tax liabilities (net) | 21.4 | 3,626 | 4,305 |
| (d) Other current liabilities | 22 | 7,273 | 7,925 |
| | | 3,30,185 | 5,36,651 |
| Total liabilities | | 3,74,507 | 5,83,107 |
| Total equity and liabilities | | 8,89,566 | 10,14,877 |
| *less than a lakh | | | |
| See accompanying notes forming part of the consolidated financial statements | | | |

In terms of our report attached

Deloitte Haskins & Sells

Chartered Accountants
Firm Registration Number : 008072S

Sumit Trivedi

Partner
Membership Number : 209354

Place: Secunderabad/ Chennai
Date: 29 April 2021

For and on behalf of the Board of Directors

Sameer Goel

Managing Director

Jayashree Satagopan

Chief Financial Officer

A Vellayan

Chairman

Rajesh Mukhija

Company Secretary

Consolidated Statement of Profit and Loss

for the year ended 31 March 2021

(₹ in Lakhs, unless otherwise stated)

| | Note | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------|-------------------------------------|-------------------------------------|
| I Income | | | |
| Revenue from operations | 24 | 14,21,348 | 1,313,669 |
| Other income | 25 | 4,353 | 4,004 |
| Total income | | 14,25,701 | 1,317,673 |
| II Expenses | | | |
| Cost of materials consumed | | 6,97,920 | 750,157 |
| Purchases of stock-in-trade | | 2,16,926 | 135,034 |
| Changes in inventories of finished goods, work-in-process and stock-in-trade | 26 | 53,946 | 20,370 |
| Employee benefits expense | 27 | 53,857 | 46,108 |
| Finance costs | 28 | 10,567 | 23,528 |
| Depreciation and amortisation expense | 29 | 17,308 | 15,801 |
| Other expenses | 30 | 1,97,122 | 188,902 |
| Total expenses | | 12,47,646 | 1,179,900 |
| III Profit before tax (I-II) | | 1,78,055 | 137,773 |
| IV Share of profit of joint ventures and associate | 42 | 540 | 78 |
| V Profit for the year (III+IV) | | 1,78,595 | 137,851 |
| VI Tax expense: | | | |
| (1) Current tax | | 45,989 | 36,855 |
| (2) Deferred tax | | (309) | (5,508) |
| | | 45,680 | 31,347 |
| VII Profit for the year (V-VI) | | 1,32,915 | 106,504 |
| VIII Other Comprehensive Income | | | |
| A (i) Items that will not be reclassified to profit or loss | | | |
| (a) Remeasurement of defined benefit plan | 34(a) | (995) | 86 |
| (b) Share of other comprehensive income as reported by Joint ventures and associate | | - | (1) |
| (c) Net fair value (loss)/gain on investments in equity shares at FVTOCI | | 858 | 851 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | 21.3 | 121 | (362) |
| (iii) Gain on Bargain Purchase | 41 | 266 | - |
| B (i) Items that will be reclassified to profit or loss | | | |
| (a) Effective portion of gain/(loss) on designated portion of hedging instruments in a cash flow hedge | | 1,633 | (1,197) |
| (b) Exchange differences on translating foreign operations | | (163) | 210 |
| (ii) Income tax relating to items that will be reclassified to profit or loss | 21.3 | (411) | 299 |
| Total other comprehensive income (A+B) | | 1,309 | (114) |
| IX Total Comprehensive Income for the year (VII+VIII) | | 1,34,224 | 106,390 |
| X Earnings per equity share of (Face value of ₹1 each): | 35 | | |
| Basic ₹ | | 45.34 | 36.40 |
| Diluted ₹ | | 45.22 | 36.31 |

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

Deloitte Haskins & Sells

Chartered Accountants
Firm Registration Number : 008072S

Sumit Trivedi

Partner
Membership Number : 209354

Place: Secunderabad/ Chennai
Date: 29 April 2021

For and on behalf of the Board of Directors

Sameer Goel

Managing Director

Jayashree Satagopan

Chief Financial Officer

A Vellayan

Chairman

Rajesh Mukhija

Company Secretary

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Consolidated Cash flow statement

for the year ended 31 March 2021

(₹ in Lakhs, unless otherwise stated)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| Cash flow from operating activities | | |
| Profit before tax | 1,78,595 | 1,37,851 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 17,308 | 15,801 |
| Loss on sale/ scrap of property, plant and equipment (net) | 468 | 471 |
| (Profit)/loss on sale of investment | 17 | (34) |
| Exchange differences (net) | (8,189) | 15,597 |
| Share of profit of joint ventures accounted using equity method | (540) | (78) |
| Loss/ (gain) on measuring investments at FVTPL (net) | (162) | 104 |
| Provision for doubtful trade receivables and other liabilities no longer required, written back | (3,153) | (45) |
| Provision for doubtful trade and other receivables, loans and advances (net) | 2,169 | 845 |
| Trade and other receivables written off | 35 | - |
| Provision for employee benefits | (1,044) | 664 |
| Share-based payments | 399 | 518 |
| Finance costs | 10,567 | 23,528 |
| Interest income | (4,164) | (3,771) |
| Dividend income | (5) | (32) |
| Others | (27) | (31) |
| Operating profit before working capital changes | 1,92,274 | 1,91,388 |
| <i>Changes in working capital:</i> | | |
| Trade payables | (28,956) | (62,923) |
| Other liabilities | (2,720) | 7,219 |
| Trade receivables | 1,16,975 | 8,265 |
| Government subsidies receivable | 1,72,656 | 7,726 |
| Inventories | 10,825 | 54,426 |
| Other assets | 702 | 16,478 |
| Cash generated from operations | 4,61,756 | 2,22,579 |
| Direct taxes paid (net of refunds) | (46,741) | (36,382) |
| Net cash flow from operating activities (A) | 4,15,015 | 1,86,197 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment, including capital work-in-progress and capital advances | (18,822) | (25,609) |
| Purchase of leasehold land | (682) | - |
| Proceeds from sale of property, plant and equipment | 248 | 24 |
| Investment in Subsidiary /Joint venture | (1,200) | (300) |
| Purchase of non-current investments | - | (16) |
| Proceeds from sale of non-current investments | 40 | 118 |
| Inter-corporate deposits/ loans given | (1,81,368) | (42,857) |
| Inter-corporate deposits matured/ loans received | 72,857 | 42,805 |
| Purchase of current investments | - | (27,000) |
| Proceeds from sale of current investments | - | 27,000 |
| Interest received | 3,200 | 3,610 |
| Dividend received from current and non-current investments | 5 | 32 |
| Balances in margin money/ deposit accounts | (1) | - |
| Net cash (used in) investing activities (B) | (1,25,723) | (22,193) |

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Consolidated Cash flow statement

for the year ended 31 March 2021

(₹ in Lakhs, unless otherwise stated)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Cash flow from financing activities | | |
| Proceeds from issue of equity shares on exercise of employee stock options | 1,438 | 1,366 |
| Decrease in short-term borrowings | (1,62,351) | (1,35,740) |
| Dividend paid | (52,772) | (12,343) |
| Interest and other borrowing costs paid | (10,739) | (23,985) |
| Repayment of Lease liability | (1,892) | (1,608) |
| Net cash (used in) financing activities (C) | (2,26,316) | (1,72,310) |
| Net (decrease)/increase in cash and cash equivalents (A + B + C) | 62,976 | (8,306) |
| Cash and cash equivalents at the beginning of the year | 5,054 | 13,213 |
| Cash and cash equivalents acquired on acquisition | 1,239 | - |
| Exchange (loss)/ gain on cash and cash equivalents | (59) | 147 |
| Cash and cash equivalents at the end of the year (as per Note 12) | 69,210 | 5,054 |
| *Includes lease liabilities recognised during the year ended 31 March 2020 amounting to ₹ 2,734 lakhs. | | |
| Notes: | | |
| 1. 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. | | |
| 2. Reconciliation of Short-term borrowings: | | |
| Opening balance | 1,62,512 | 2,95,447 |
| Proceeds/(repayments) of short-term borrowings (net) | (1,62,351) | (1,35,740) |
| Foreign exchange adjustment | - | 2,805 |
| Closing balance | 161 | 1,62,512 |
| 3. Reconciliation of lease liabilities (Current and Non-current): | | |
| Opening balance | 39,397 | - |
| Impact of Ind AS 116* | - | 41,005 |
| Lease liabilities addition during the year | 829 | - |
| Repayment | (1,892) | (1,608) |
| Closing balance | 38,334 | 39,397 |
| *Includes lease liabilities recognised during the year ended 31 March 2020 amounting to ₹ 2,734 lakhs. | | |
| See accompanying notes forming part of the consolidated financial statements | | |

In terms of our report attached

Deloitte Haskins & Sells

Chartered Accountants
Firm Registration Number : 008072S

Sumit Trivedi

Partner
Membership Number : 209354

Place: Secunderabad/ Chennai
Date: 29 April 2021

For and on behalf of the Board of Directors

Sameer Goel

Managing Director

Jayashree Satagopan

Chief Financial Officer

A Vellayan

Chairman

Rajesh Mukhija

Company Secretary

Consolidated Statement of Changes in Equity

as at 31 March 2021

(₹ in Lakhs, unless otherwise stated)

a). Equity share capital

| | Number of shares | Amount |
|---|---------------------|--------------|
| Balance as at 1 April 2019 | 29,25,27,329 | 2,925 |
| Add: Equity shares allotted pursuant to exercise of stock options | 4,26,420 | 5 |
| Balance as at 31 March 2020 | 29,29,53,749 | 2,930 |
| Add: Equity shares allotted pursuant to exercise of stock options | 4,24,930 | 4 |
| Balance as at 31 March 2021 | 29,33,78,679 | 2,934 |

b). Other equity

| | Reserves and Surplus (Refer note 17) | | | | | | | Items of other comprehensive income (Refer note 17) | | | Total |
|---|--------------------------------------|----------------------------|--------------------|-----------------|-----------------|-----------------------------------|-------------------|---|---|---------------------------------------|-----------------|
| | Capital reserve | Capital redemption reserve | Securities premium | Central subsidy | General reserve | Share options outstanding account | Retained earnings | Foreign currency translation reserve | Equity instruments through other comprehensive income | Effective portion of cash flow hedges | |
| Balance at 1 April 2019 | 352 | 986 | 13,201 | 11 | 2,33,328 | 1,466 | 1,00,912 | 5,517 | (22,841) | (18) | 3,32,914 |
| Profit for the year | - | - | - | - | - | - | 1,06,504 | - | - | - | 1,06,504 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | (25) | 210 | 599 | (898) | (114) |
| Total comprehensive income for the year | - | - | - | - | - | - | 1,06,479 | 210 | 599 | (898) | 1,06,390 |
| Recognition of share-based payments | - | - | - | - | - | 518 | - | - | - | - | 518 |
| Amount received on exercise of employee stock options | - | - | 1,361 | - | - | - | - | - | - | - | 1,361 |
| Dividend on equity shares including dividend distribution tax | - | - | - | - | - | - | (12,343) | - | - | - | (12,343) |
| Amounts transferred within the reserves | - | - | 479 | - | 30,264 | (743) | (30,000) | - | - | - | - |
| Balance at 31 March 2020 | 352 | 986 | 15,041 | 11 | 2,63,592 | 1,241 | 1,65,048 | 5,727 | (22,242) | (916) | 4,28,840 |
| Balance at 1 April 2020 | 352 | 986 | 15,041 | 11 | 2,63,592 | 1,241 | 1,65,048 | 5,727 | (22,242) | (916) | 4,28,840 |
| Profit for the year | - | - | - | - | - | - | 1,32,915 | - | - | - | 1,32,915 |
| Other comprehensive income for the year, net of income tax | 266 | - | - | - | - | - | (744) | (163) | 728 | 1,222 | 1,309 |
| Total comprehensive income for the year | 266 | - | - | - | - | - | 1,32,171 | (163) | 728 | 1,222 | 1,34,224 |
| Recognition of share-based payments | - | - | - | - | - | 399 | - | - | - | - | 399 |
| Dividend on equity shares including dividend distribution tax | - | - | - | - | - | - | (52,772) | - | - | - | (52,772) |
| Amount received on exercise of employee stock options | - | - | 1,434 | - | - | - | - | - | - | - | 1,434 |
| Amounts transferred within the reserves | - | - | 538 | - | - | (538) | - | - | - | - | - |
| Balance at 31 March 2021 | 618 | 986 | 17,013 | 11 | 2,63,592 | 1,102 | 2,44,447 | 5,564 | (21,514) | 306 | 5,12,125 |

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For and on behalf of the Board of Directors

Deloitte Haskins & Sells

Chartered Accountants
Firm Registration Number : 008072S

Sameer Goel

Managing Director

A Vellayan

Chairman

Sumit Trivedi

Partner
Membership Number : 209354

Jayashree Satagopan

Chief Financial Officer

Rajesh Mukhija

Company Secretary

Place: Secunderabad/ Chennai
Date: 29 April 2021

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Consolidated 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 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
- S Sankarasubramanian- President & Head (Fertilisers)
- Amit Rastogi – Executive Vice President – Technology
- Amir Alvi – Executive Vice President & Head Manufacturing (Fertilisers)
- Arun Leslie George – Executive Vice President & Head (Retail)
- B Prasannatha Rao – Executive Vice President & Head – HR
- Jayashree Satagopan- Executive Vice President & Chief Financial Officer
- Kalidas Pramanik – Executive Vice President - Marketing (Fertilisers & Organic)
- Rajavelu NK- Executive Vice President and Business Head (CPC)
- Arun Vellayan- Head of Strategy
- Narayanan Vellayan – Head of Commercial (Fertilisers and SSP)
- Rajesh Mukhija– Senior Vice President – Legal and Company Secretary
- T S Venkateswaran –Vice President – Internal Audit & Risk Management

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. Significant Accounting Policies

2.1 Statement of compliance

The Consolidated financial statements which comprise the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement, and the Consolidated Statement of Changes in Equity ("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, along with relevant amendment rules issued thereafter and other relevant provisions of the Act, as applicable. The Group has consistently applied accounting policies to all periods.

2.2 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 Ltd, 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), Parry America Inc, Coromandel International (Nigeria) Coromandel Mali SASU, Coromandel SQM (India) Private Limited (Subsidiary with effect from 24 August 2020) ; all together referred to as 'the Group', its joint venture companies Yanmar Coromandel Agrisolutions Private Limited and Coromandel SQM (India) Private Limited (Joint venture till 23 August 2020), and Associate Company Sabero Organics Philippines Asia Inc.

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

Consolidated Notes

forming part of the financial statements (Contd.)

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 116, 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 Group and the average time between acquisition of assets and their realisation in cash or cash equivalents, the Group 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.

2.3 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 shareholder's 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.

2.3.1 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

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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.

2.4 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.

2.5 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

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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 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.

2.6 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 control over the goods is transferred to the customers. The performance obligation in case of sale of goods is satisfied at a point in time i.e. when the goods are shipped to the customers or on delivery to the customer, as per applicable terms.
- b) The Company recognizes subsidy income as per Ind AS 20 'Accounting for Government Grants and Disclosure of Government Assistance' 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, when there is a reasonable assurance that the Company will comply with all necessary conditions attached to Subsidy.
- c) Income from services rendered is recognised based on the agreements/arrangements with the concerned parties and when services are rendered by measuring progress towards satisfaction of performance obligation for such services.
- d) Export benefits and other excise benefits are accounted for on accrual basis.

2.7 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.

2.8 Leasing

The Group, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after 1 April 2019.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease

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payments associated with these leases as an expense over the lease term.

2.9 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.

2.10 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 and rounded to the nearest lakhs.

2.11 Foreign currencies

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of transactions. The date of transaction for the purpose of determining the exchange rate on initial recognition of the related asset, expense or income (part of it) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from payment or receipt of advance consideration. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the balance sheet date. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognised in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated.

For the purposes of presenting the consolidated financial statements assets and liabilities of Group's foreign operations with functional currency different from the Company are translated into Company's functional currency i.e. INR using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Exchange differences arising, if any are recognised in other comprehensive income and accumulated in equity.

On the disposal of foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the statement of profit and loss.

2.12 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.

2.13 Employee benefits

2.13.1 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.

2.13.2 Defined benefit plans

The Company's Gratuity scheme for its employees is a defined benefit retirement 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.

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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.

2.13.3 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.

2.13.4 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.

2.14 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.

2.15 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.

2.16 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.

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.

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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.

2.17 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 |
| Buildings | 15 -60 |
| 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 individually 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.

2.18 Biological assets

The Company recognises neem plantation as Biological assets and are carried at historical cost of acquisition less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditure on biological assets are added to its book value only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Cost incurred for new plantations are capitalised and depreciated over their estimated useful life which has been ascribed to be 20 years.

2.19 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.

2.20 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

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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.

2.21 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.
4. Stock-in-trade – Weighted average cost.

2.22 Exceptional item

Significant gains/losses or expenses incurred arising from external events that is not expected to recur are disclosed as 'Exceptional item'.

2.23 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.

2.24 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.

2.25 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.

2.25.1 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):

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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.

2.25.2 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.

2.25.3 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.

2.25.4 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.

2.25.5 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.

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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.

2.25.6 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 115, 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.

2.25.7 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

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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.

2.25.8 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.

Financial liabilities and equity instruments

2.26 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.

2.27 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 is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.28 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

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- 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 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 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.

2.29 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 115.

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

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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.

2.30 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.

2.31 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.

2.31.1 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 115 and, in particular, whether the Group had transferred control over the goods to the buyer.

2.31.2 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.

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| 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 | <p>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.</p> <p>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.</p> |
| 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 and related receivables | Subsidy income has been recognized when there is reasonable assurance that the Company will comply with all necessary conditions attached to Subsidy including those under the Direct Benefit Transfer system which was introduced by the Government of India. |
| 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, subsidy 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. |
| Leases | Ind AS 116 defines a lease term as the non-cancellable period for which the lessee has the right to use the underlying asset including optional periods, when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term. The option to extend the lease term are included in the lease term, if it is reasonably certain that the lessee will exercise the option. The Group reassess the option when significant events or changes in circumstances occur that are within the control of the lessee |

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3. Property, plant and equipment and capital work-in-progress

(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2021 | As at 31 March 2020 |
|-----------------------------|------------------------|------------------------|
| Carrying amounts of: | | |
| Land | 27,277 | 27,277 |
| Buildings | 3,674 | 24,131 |
| Road | 35 | 953 |
| Railway sidings | - | 1,466 |
| Plant and equipment | 27,277 | 1,03,104 |
| Biological assets | - | 51 |
| Office equipment | 32,050 | 2,349 |
| Furniture and fixtures | 2,265 | 920 |
| Vehicles | 31 | 1,390 |
| | 27,269 | 1,61,633 |
| Capital work-in-progress | 7,570 | 4,921 |

Details of Property, plant and equipment

| | Land | Buildings | Road | Railway sidings | Plant and equipment | Biological assets | Office equipment | Furniture and fixtures | Vehicles | Total |
|---|---------------|---------------|--------------|-----------------|---------------------|-------------------|------------------|------------------------|--------------|-----------------|
| Cost or deemed cost | | | | | | | | | | |
| Balance as at 1 April 2019 | 27,277 | 28,411 | 2,449 | 3,126 | 1,78,261 | 45 | 6,176 | 3,471 | 2,647 | 2,51,863 |
| Additions | - | 3,674 | 456 | 61 | 37,536 | - | 905 | 207 | 885 | 43,724 |
| Disposals/ adjustments | - | 35 | - | 70 | 2,957 | - | 193 | 6 | 166 | 3,427 |
| Effect of translations | - | - | - | - | - | - | - | - | 2 | 2 |
| Balance at 31 March 2020 | 27,277 | 32,050 | 2,905 | 3,117 | 2,12,840 | 45 | 6,888 | 3,672 | 3,368 | 2,92,162 |
| On account of acquisition (Refer note 41) | - | 274 | - | - | 158 | - | 32 | 6 | - | 470 |
| Additions | 23 | 2,265 | 90 | 79 | 9,724 | 12 | 1,188 | 209 | 358 | 13,948 |
| Disposals/ adjustments | 31 | - | - | - | 2,775 | - | 216 | 96 | 536 | 3,654 |
| Effect of translations | - | - | - | - | - | - | - | (2) | (7) | (9) |
| Balance at 31 March 2021 | 27,269 | 34,589 | 2,995 | 3,196 | 2,19,947 | 57 | 7,892 | 3,789 | 3,183 | 3,02,917 |

Notes:

- Refer Note 18.1 for details of assets pledged.
- Interest capitalized during the year - Nil (2020: ₹433 lakhs).
- Land admeasuring 446.92 acres (₹75 lakhs) is pending registration in the name of the Company.

| | Land | Buildings | Road | Railway sidings | Plant and equipment | Biological assets | Office equipment | Furniture and fixtures | Vehicles | Total |
|--|------|-----------|-------|-----------------|---------------------|-------------------|------------------|------------------------|----------|----------|
| Accumulated depreciation and impairment | | | | | | | | | | |
| Balance as at 1 April 2019 | - | 8,519 | 1,720 | 1,412 | 1,01,170 | 1 | 4,403 | 2,781 | 1,738 | 1,21,744 |
| Disposals/ adjustments | - | 16 | - | 54 | 2,533 | - | 181 | 6 | 142 | 2,932 |
| Depreciation expense | - | 939 | 140 | 188 | 9,584 | 2 | 719 | 89 | 308 | 11,969 |
| Effect of translations | - | - | - | - | - | - | - | - | 4 | 4 |
| Balance at 31 March 2020 | - | 9,442 | 1,860 | 1,546 | 1,08,221 | 3 | 4,941 | 2,864 | 1,908 | 1,30,785 |
| Disposals/ adjustments | - | 19 | - | - | 2,165 | - | 188 | 96 | 470 | 2,938 |
| Depreciation expense | - | 1,035 | 182 | 184 | 10,787 | 3 | 790 | 101 | 357 | 13,439 |
| Effect of translations | - | - | - | - | - | - | - | - | (2) | (2) |
| Balance at 31 March 2021 | - | 10,458 | 2,042 | 1,730 | 1,16,843 | 6 | 5,543 | 2,869 | 1,793 | 1,41,284 |

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(₹ in lakhs, unless otherwise stated)

4. Right-of-use assets

| | As at 31 March 2021 | As at 31 March 2020 |
|-----------------------------|------------------------|------------------------|
| Carrying amounts of: | | |
| Land | 27,047 | 27,401 |
| Buildings | 10,954 | 12,535 |
| Plant and equipment | 1,012 | 1,265 |
| | 39,013 | 41,201 |

Details of Right-of-use assets:

| | Land (Refer notes below) | Buildings | Plant and equipment | Total |
|---------------------------------|-----------------------------|---------------|------------------------|---------------|
| Gross carrying value | | | | |
| As at 1 April 2019 | 28,442 | 12,125 | 1,518 | 42,085 |
| Additions | - | 2,734 | - | 2,734 |
| Disposals | - | - | - | - |
| Balance at 31 March 2020 | 28,442 | 14,859 | 1,518 | 44,819 |
| Additions | 682 | 829 | - | 1511 |
| Disposals | - | - | - | - |
| Balance at 31 March 2021 | 29,124 | 15,688 | 1,518 | 46,330 |
| Accumulated amortisation | | | | |
| Amortisation | 1,041 | 2,324 | 253 | 3,618 |
| Disposal | - | - | - | - |
| Balance at 31 March 2020 | 1,041 | 2,324 | 253 | 3,618 |
| Amortisation | 1,036 | 2,410 | 253 | 3,699 |
| Disposal | - | - | - | - |
| Balance at 31 March 2021 | 2,077 | 4,734 | 506 | 7,317 |

Notes:

- 1) Includes net carrying value of the Land reclassified on adoption of Ind AS 116 "Leases".
- 2) Land admeasuring 324.74 acres (₹22,632 lakhs) is pending execution of lease in the name of the Company.

| | As at 31 March 2021 | As at 31 March 2020 |
|---------------------------|------------------------|------------------------|
| Lease liabilities: | | |
| Current | 2,143 | 1,855 |
| Non-current | 36,191 | 37,542 |
| | 38,334 | 39,397 |

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(₹ in lakhs, unless otherwise stated)

5. Other intangible assets and intangible assets under development

| | As at 31 March 2021 | As at 31 March 2020 | |
|--|------------------------------|---------------------------|--------------|
| Carrying amounts of: | | | |
| Product registrations | 820 | 572 | |
| Technical know-how | 46 | 46 | |
| | 866 | 618 | |
| Intangible assets under development | 1,408 | 1,622 | |
| Details of Intangible assets | | | |
| | Product registrations | Technical know-how | Total |
| Cost or deemed cost | | | |
| Balance as at 1 April 2019 | 1,912 | 997 | 2,909 |
| Additions | 63 | - | 63 |
| Disposals/ adjustments | - | - | - |
| Effect of translation | (90) | - | (90) |
| Balance as at 31 March 2020 | 1,885 | 997 | 2,882 |
| Additions | 428 | - | 428 |
| Disposals/ adjustments | - | - | - |
| Effect of translation | (42) | - | (42) |
| Balance as at 31 March 2021 | 2,271 | 997 | 3,268 |
| Accumulated amortisation and impairment | | | |
| Balance as at 1 April 2019 | 1,206 | 906 | 2,112 |
| Amortisation expense | 169 | 45 | 214 |
| Disposals/ adjustments | - | - | - |
| Effect of translation | (62) | - | (62) |
| Balance as at 31 March 2020 | 1,313 | 951 | 2,264 |
| Amortisation expense | 170 | - | 170 |
| Disposals/ adjustments | - | - | - |
| Effect of translation | (32) | - | (32) |
| Balance as at 31 March 2021 | 1,451 | 951 | 2,402 |

6. Non-current investments

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Quoted equity instruments | | |
| (a) Investments in quoted equity instruments at FVTPL | | |
| Rama Phosphate Limited | 18 | 3 |
| 13,719 (2020: 13,719) Equity shares of ₹10 each, fully paid-up | | |
| Total aggregate quoted equity investments at FVTPL (A) | 18 | 3 |
| (b) Investments in quoted equity instruments at FVTOCI | | |
| Coromandel Engineering Company Limited | 675 | 295 |
| 25,00,100 (2020: 25,00,100) Equity shares of ₹10 each, fully paid-up | | |
| Total aggregate quoted equity investments at FVTOCI (B) | 675 | 295 |
| Unquoted equity instruments | | |
| (c) Investments in unquoted equity investments at FVTOCI | | |
| Tunisian Indian Fertilisers S.A.# | - | - |
| 41,79,848 (2020: 41,79,848) Ordinary shares of Tunisian Dinars (TND) 10 each, fully paid-up | | |
| Nandesari Environment Control Limited | 21 | 18 |
| 3,600 (2020: 3,600) Equity shares of ₹10 each, fully paid-up | | |

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(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Ranar Agrochem Limited (formerly Prathyusha Chemicals and Fertilisers Limited) 10,01,000 (2020: 10,01,000) Equity shares of ₹10 each, fully paid-up | 2 | 2 |
| Indian Potash Limited 180,000 (2020: 1,80,000) Equity shares of ₹10 each, fully paid-up | 2,576 | 2,392 |
| Foskor (Pty) Limited | | |
| i) 12,82,070 (2020: 12,82,070) Ordinary shares of South African Rand 1 each, fully paid-up | - | - |
| ii) 46 (2020: 46) Class D shares of South African Rand 7,05,088 each, fully paid-up | 1,901 | 1,901 |
| Murugappa Management Services Limited 16,139 (2020: 16,139) Equity shares of ₹100 each, fully paid-up | 73 | 73 |
| Bharuch Enviro Infrastructure Limited 16,100 (2020: 16,100) Equity shares of ₹10 each, fully paid-up | 444 | 247 |
| Narmada Clean Tech 2,75,000 (2020: 2,75,000) Equity shares of ₹10 each, fully paid-up | 39 | 20 |
| A.P. Gas Power Corporation Limited 53,92,160 (2020: 53,92,160) Equity shares of ₹10 each, fully paid-up | 12,391 | 12,316 |
| Total aggregate Equity investments at FVTOCI (C) | 17,447 | 16,969 |
| (d) Investment in joint ventures | | |
| Yanmar Coromandel Agrisolutions Private Limited 1,60,00,000 (2020: 1,60,00,000) Equity shares of ₹10 each, fully paid-up | 1,353 | 824 |
| Coromandel SQM (India) Private Limited (Refer note 41) Nil (2020: 50,00,000) Ordinary shares of ₹10 each, fully paid-up | - | 1,253 |
| Total aggregate investments in joint ventures (D) | 1,353 | 2,077 |
| (e) Investment in associate | | |
| Sabero Organics Philippines Asia Inc. - Associate 320 (2020: 320) Equity shares of PHP\$100 each fully paid-up | 6 | 2 |
| Total aggregate investment in associate (E) | 6 | 2 |
| (f) Other investments at FVTPL | | |
| Faering Capital India Evolving Fund 19,442 (2020: 25,044) units of ₹1,000 each, fully paid-up | 266 | 174 |
| Total aggregate other investments (F) | 266 | 174 |
| (g) Others | | |
| Share application money pending allotment - at cost (Refer Note 40(E)) | 5 | 4 |
| Loans at FVTOCI* | 1,609 | 1,609 |
| Total aggregate others (G) | 1,614 | 1,613 |
| Total investments (A) + (B) + (C) + (D) + (E) + (F) + (G) of the above | 21,379 | 21,133 |
| Investments in Joint Ventures and Associate (D) + (E) | 1,359 | 2,079 |
| Other Investments (A) + (B) + (C) + (F) + (G) | 20,020 | 19,054 |
| Aggregate amount of quoted investments and market value thereof | 693 | 298 |
| Aggregate amount of unquoted investments | 20,686 | 20,835 |
| Aggregate amount of impairment in value of investments | - | - |

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.

*represents loan amounting ₹1,609 Lakhs (2020: ₹1,609 Lakhs) to TIFERT which is compulsorily convertible to equity shares at the end of three years from June 2017. During the current year, the period has been extended for further 2 years.

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(₹ in lakhs, unless otherwise stated)

7. Other financial assets

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Financial assets carried at fair value through profit or loss (FVTPL) | | |
| Derivatives that are not designated in hedge accounting relationships | | |
| Foreign currency forward contracts | 965 | 7,015 |
| Derivatives that are designated in hedge accounting relationships | 412 | 5 |
| | 1,377 | 7,020 |
| Financial assets carried at amortised cost | | |
| Advances with related parties (Refer Note 40(E)) | 422 | 14 |
| Interest accrued but not due on deposits, loans, others | 1,286 | 321 |
| Insurance claims receivable | 573 | 2,739 |
| | 2,281 | 3,074 |
| | 3,658 | 10,094 |
| Current | 3,658 | 10,089 |
| Non-current | - | 5 |
| | 3,658 | 10,094 |

8. Other non-current assets

| | As at 31 March 2021 | As at 31 March 2020 |
|------------------|------------------------|------------------------|
| Capital advances | 2,243 | 1,610 |
| Deposits | 3,042 | 2,765 |
| Others | 149 | 171 |
| | 5,434 | 4,546 |

9. Inventories

| | As at 31 March 2021 | As at 31 March 2020 |
|--------------------------|------------------------|------------------------|
| Raw materials | 69,221 | 56,120 |
| Raw materials in-transit | 53,833 | 22,988 |
| Work-in-process | 3,898 | 3,847 |
| Finished goods | 1,06,394 | 1,41,630 |
| Stock-in-trade | 18,470 | 36,936 |
| Stores and spares | 5,609 | 6,047 |
| Packing materials | 2,663 | 2,145 |
| | 2,60,088 | 2,69,713 |

Note: Refer Note 2.21 for basis of valuation and for details of inventories pledged refer Note 18.1

10. Current investments

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Unquoted other investments at FVTPL | | |
| UTI Master Shares | * | * |
| 1,000 (2020: 1,000) shares of ₹10 each, fully paid-up | | |
| Total unquoted investments | * | * |
| Total current investments | * | * |
| *less than a lakh | | |
| Aggregate amount of quoted investments and market value thereof | - | - |
| Aggregate amount of unquoted investments | * | * |
| Aggregate amount of impairment in value of investments | - | - |

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(₹ in lakhs, unless otherwise stated)

11. Trade receivables

| | As at 31 March 2021 | As at 31 March 2020 |
|------------------------------------|------------------------|------------------------|
| (a) Secured, considered good | 5,673 | 10,450 |
| (b) Unsecured, considered good* | 49,769 | 1,62,961 |
| (c) Credit impaired | 15,638 | 13,540 |
| | 71,080 | 1,86,951 |
| Allowance for doubtful receivables | 15,638 | 13,540 |
| | 55,442 | 1,73,411 |

* Includes ₹734 lakhs (2020: ₹ 422 lakhs) receivable from related parties. Also Refer Note 40(E)

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 to 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 up to 0.50% for receivables less than 180 days.

Movement in the allowance for doubtful receivables

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| Balance at beginning of the year | 13,540 | 12,775 |
| Impairment losses recognised on receivables | 2,123 | 765 |
| Amounts written off during the year as uncollectible | (25) | - |
| Balance at end of the year | 15,638 | 13,540 |

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.

12. Cash and cash equivalents

| | As at 31 March 2021 | As at 31 March 2020 |
|----------------------|------------------------|------------------------|
| Cash on hand | 36 | 20 |
| Balances with Banks: | | |
| in Current accounts | 9,978 | 5,018 |
| in Deposit accounts | 59,196 | 16 |
| | 69,210 | 5,054 |

13. Bank balances other than cash and cash equivalents

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Restricted | | |
| Dividend accounts | 2,211 | 1,923 |
| Bonus debenture redemption and interest | 778 | 844 |
| Margin money/ deposit | 10 | 9 |
| | 2,999 | 2,776 |

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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 Group 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 dividend 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.

Margin money / deposit

Amounts in margin money/deposit accounts represents amounts deposited with certain government agencies.

14. Loans

| | As at 31 March 2021 | As at 31 March 2020 |
|----------------------------|------------------------|------------------------|
| At amortised cost | | |
| Unsecured, considered good | | |
| -Inter-corporate deposits | 1,51,368 | 42,857 |
| | 1,51,368 | 42,857 |
| Current | 1,51,368 | 42,857 |
| Non-current | - | - |
| | 1,51,368 | 42,857 |

15. Other current assets

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Advances recoverable in kind or for value to be received | | |
| Considered good # | 31,418 | 24,671 |
| Considered doubtful | 442 | 483 |
| | 31,860 | 25,154 |
| Less: Impairment allowance | 442 | 483 |
| | 31,418 | 24,671 |
| Gratuity fund (net) [Refer Note 34(a)] | 18 | - |
| Others (including Goods and Services Tax balances) | 18,964 | 19,186 |
| 6.20% Fertilizer companies' Government of India special bonds 2022 | * | * |
| 10,000 (2020: 10,000) bonds of ₹100/- each | | |
| 6.65% Fertilizer companies' Government of India special bonds 2023 | * | * |
| 5,000 (2020: 5,000) bonds of ₹100/- each | | |
| | 50,400 | 43,857 |

#Includes receivables from Related parties ₹3 lakhs (2020: ₹19 lakhs). Refer Note 40(E)

*less than a lakh

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(₹ in lakhs, unless otherwise stated)

16. Equity

16.1 Equity share capital

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Authorised Share capital : | | |
| 35,00,00,000 (2020: 35,00,00,000) equity shares of ₹1 each | 3,500 | 3,500 |
| Issued, subscribed and fully paid-up: | | |
| 29,33,78,679 (2020: 29,29,53,749) fully paid equity shares of ₹1 each | 2,934 | 2,930 |
| | 2,934 | 2,930 |

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 2019 | 29,25,27,329 | 2,925 |
| Add: Equity shares allotted pursuant to exercise of stock options | 4,26,420 | 5 |
| Balance as at 31 March 2020 | 29,29,53,749 | 2,930 |
| Add: Equity shares allotted pursuant to exercise of stock options | 4,24,930 | 4 |
| Balance as at 31 March 2021 | 29,33,78,679 | 2,934 |

16.3 Rights, preferences and restriction relating to each class of share capital:

Equity shares: The Group 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 2021, E.I.D.-Parry (India) Limited (Parent Company) held 16,54,55,580 (2020: 17,71,55,580) equity shares of ₹1 each fully paid-up representing 56.40% (2020: 60.47%) of the paid up capital. 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 2021-, shares reserved for issue under the 'ESOP 2007' scheme is 81,32,966 (2020: 81,35,116) equity shares of ₹1 each and under the 'ESOP 2016' scheme is 1,35,32,630 (2020: 1,39,55,410) 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 in Note 33.

16.6 There are no bonus shares issued and no shares were issued for consideration other than cash during the period of five years immediately preceding the reporting date.

16.7 Cumulative redeemable preference shares

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Authorised capital | | |
| 50,00,000 (2020: 50,00,000) cumulative redeemable preference shares of ₹10 each | 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. The cumulative redeemable preference shares were issued by erstwhile Liberty Phosphate Limited, amalgamated into the Company pursuant to the approved Scheme of Amalgamation.

No such cumulative redeemable preference shares are issued and outstanding as of 31 March 2021 (2020: Nil).

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(₹ in lakhs, unless otherwise stated)

17. Other equity

| | As at 31 March 2021 | As at 31 March 2020 |
|--------------------------------------|------------------------|------------------------|
| General reserve | 2,63,592 | 2,63,592 |
| Retained earnings | 2,44,447 | 1,65,048 |
| Capital reserve | 618 | 352 |
| Capital redemption reserve | 986 | 986 |
| Securities Premium | 17,013 | 15,041 |
| Central subsidy | 11 | 11 |
| ESOP reserve | 1,102 | 1,241 |
| Foreign currency translation reserve | 5,564 | 5,727 |
| Equity Instruments through OCI | (21,514) | (22,242) |
| Cash flow hedge reserve | 306 | (916) |
| | 5,12,125 | 4,28,840 |

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| (i) General reserve | | |
| Balance at beginning of year | 2,63,592 | 2,33,328 |
| Amount transferred on cancellation of stock options | - | 264 |
| Amount transferred from retained earnings | - | 30,000 |
| | 2,63,592 | 2,63,592 |

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 | 1,65,048 | 1,00,912 |
| Profit for the year | 1,32,915 | 1,06,504 |
| Remeasurment of net defined benefit plans | (744) | (25) |
| Dividend on equity shares | 2,44,447 | (12,343) |
| Amount transferred to general reserve | - | (30,000) |
| | 2,40,150 | 1,62,449 |

Retained earnings represents the Group's undistributed earnings after taxes.

In respect of the year ended 31 March 2021, the Board of Directors at their meeting held on 29 April 2021 have recommended a final dividend of ₹ 6 per share (600% on face value of ₹1 per share). The Board at its meeting held on 01 February 2021 had approved payment of interim dividend ₹6 per equity share (600% on face value of ₹1 per share). The total dividend is ₹ 12 per share (1200% on face value of ₹1 per share) for the year ended 31 March 2021. The proposed final 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 total amount paid with respect to interim dividend is ₹17,595 Lakhs. The total estimated amount to be paid with respect to final dividend is ₹17,603 Lakhs.

In respect of the year ended 31 March 2020, the directors proposed that a final dividend of ₹12 per share be paid on fully paid equity shares. which was approved by the shareholders at the Annual General Meeting. The total amount paid with respect to dividend is ₹35,177 Lakhs.

In respect of the year ended 31 March 2019, the directors approved payment of interim dividend of ₹3 per share and proposed that a final dividend of ₹3.50 per share be paid on fully paid equity shares which was approved by the shareholders at the Annual General Meeting. The total amount paid with respect to interim dividend is ₹10,577 Lakhs including dividend distribution tax of ₹1,803 Lakhs and with respect to final dividend is ₹12,343 Lakhs including dividend distribution tax of ₹2,105 Lakhs.

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(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| (iii) Capital Reserve | 618 | 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 buyback of Company's own shares and on redemption of the preference shares. The Company has bought back its own shares and also redeemed the underlying preference shares in the earlier years. The capital redemption reserve can be utilised for issue of bonus shares. | | |
| (v) Securities premium | | |
| Balance at beginning of year | 15,041 | 13,201 |
| Amount transferred on exercise of employee stock option | 538 | 479 |
| Amount received on exercise of employee stock option | 1,434 | 1,361 |
| | 17,013 | 15,041 |
| Securities premium represents the amount received in excess of the face value of the equity shares. The utilisation of the securities premium is governed by the Section 52 of the Act. | | |
| (vi) Central subsidy | 11 | 11 |
| (vii) Share options outstanding account | | |
| Balance at beginning of year | 1,241 | 1,466 |
| Amount transferred to on exercise/ cancellation of employee stock option | (538) | (743) |
| Recognition of share based payment expense | 399 | 518 |
| | 1,102 | 1,241 |
| Share options outstanding account relates to share options granted by the Company to its employees under its employee share option plans. These will be transferred to securities premium after the exercise of the underlying options. | | |
| (viii) Foreign currency translation reserve | | |
| Balance at beginning of year | 5,727 | 5,517 |
| Movement during the year | (163) | 210 |
| | 5,564 | 5,727 |
| 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 the beginning of the year | (22,242) | (22,841) |
| Net fair value gain/ (loss) on investments in equity instruments at FVTOCI (net of tax) | 728 | 599 |
| | (21,514) | (22,242) |
| 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) Cash flow hedge reserve | | |
| Balance at beginning of year | (916) | (18) |
| Effective portion of cash flow hedges (net of tax) | 1,222 | (898) |
| | 306 | (916) |
| Cash flow hedge reserve represents effective portion of cash flow hedges taken to Other comprehensive income | | |

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forming part of the financial statements (Contd.)

(₹ in lakhs, unless otherwise stated)

18. Borrowings

| | As at 31 March 2021 | As at 31 March 2020 |
|-------------------------------------|------------------------|------------------------|
| Secured- at amortised cost | | |
| Loan repayable on demand from banks | 121 | 5,674 |
| Short term loans from banks | - | 61,695 |
| Unsecured- at amortised cost | | |
| Short term loans from | | |
| Banks | - | 65,143 |
| Others | 40 | 30,000 |
| | 161 | 1,62,512 |
| Long term borrowings | - | - |
| Short term borrowings | 161 | 1,62,512 |
| | 161 | 1,62,512 |

18.1 Summary of borrowing arrangements

- There are no outstanding long-term borrowings as of 31 March 2021 and as on 31 March 2020.
- Secured loans repayable on demand comprises cash credit balances secured by a pari-passu charge on current assets of the Company. Further, some of these are also secured by second charge on moveable fixed assets of the Company.
- Secured short-term loans from banks comprises of working capital demand loans secured by a pari-passu charge on current assets of Company. Further, certain borrowings are secured by specific subsidy receivables and letter of comfort from Government of India under Special Banking Arrangement.
- Unsecured short term loans comprises of commercial paper, short term loans from banks and loan taken by a subsidiary company.

18.2 Breach of loan agreement

There is no breach of loan agreement

19. Other financial liabilities

There is no breach of loan agreement

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Financial liabilities mandatorily measured at fair value through profit or loss (FVTPL) | | |
| Derivatives not designated in hedge accounting relationships | | |
| Foreign currency forward contracts | 249 | 921 |
| Derivatives designated in hedge accounting relationships (includes non-current portion of ₹ Nil (2020: ₹2 lakhs)) | 4 | 1,229 |
| | 253 | 2,150 |
| Financial liabilities carried at amortised cost | | |
| Security and trade deposits received (includes non-current portion of ₹176 lakhs (2020: ₹144 lakhs)) | 16,124 | 15,036 |
| Interest accrued but not due on borrowings | 1 | 284 |
| Interest accrued but not due on others | 1,253 | 1,142 |
| Unclaimed dividends | 2,211 | 1,923 |
| Unclaimed debentures | 778 | 844 |
| Payables on purchase of fixed assets | 1,150 | 2,546 |
| Others | 1,000 | 4 |
| | 22,517 | 21,779 |
| | 22,770 | 23,929 |
| Current | 22,594 | 23,783 |
| Non-current | 176 | 146 |
| | 22,770 | 23,929 |

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(₹ in lakhs, unless otherwise stated)

20. Provisions

| | As at 31 March 2021 | As at 31 March 2020 |
|--------------------|------------------------|------------------------|
| Employee benefits* | 3,544 | 3,568 |
| | 3,544 | 3,568 |
| Current | 2,172 | 1,460 |
| Non-current | 1,372 | 2,108 |
| | 3,544 | 3,568 |

*The provision for employee benefits represents leave entitlements and gratuity. Refer Note 34(a) for details of gratuity obligation.

21. Income tax

| 21.1 Deferred tax liabilities (net) | As at 31 March 2021 | As at 31 March 2020 |
|-------------------------------------|------------------------|------------------------|
| Deferred tax liabilities | 13,902 | 14,269 |
| Deferred tax assets | (8,147) | (8,486) |
| | 5,756 | 5,783 |

| 2020-2021 | Opening balance 1 April 2020 | On account of acquisition (Refer note 41) | Recognised in Profit or loss | Recognised in other comprehensive income | Closing balance 31 March 2021 |
|--|------------------------------------|---|------------------------------------|--|-------------------------------------|
| Deferred tax liabilities/(assets) in relation to: | | | | | |
| Property, plant and equipment | 14,269 | (4) | (363) | - | 13,902 |
| Investments at FVTOCI | (1,907) | - | - | 130 | (1,777) |
| Provision for doubtful debts and advances | (3,529) | - | (518) | - | (4,047) |
| Statutory dues allowable on payment basis | (315) | - | (19) | - | (334) |
| Employees separation and retirement costs | (826) | (2) | 161 | (251) | (918) |
| Others | (1,909) | (3) | 430 | 411 | (1,071) |
| Total | 5,783 | (9) | (309) | 290 | 5,756 |

| 2019-2020 | Opening balance 1 April 2019 | Recognised in Profit or loss | Recognised in other comprehensive income | Closing balance 31 March 2020 |
|--|---------------------------------|---------------------------------|---|----------------------------------|
| Deferred tax liabilities/(assets) in relation to: | | | | |
| Property, plant and equipment | 19,649 | (5,380) | - | 14,269 |
| Investments at FVTOCI | (2,159) | - | 252 | (1,907) |
| Provision for doubtful debts and advances | (4,519) | 990 | - | (3,529) |
| Statutory dues allowable on payment basis | (410) | 95 | - | (315) |
| Employees separation and retirement costs | (1,015) | 79 | 110 | (826) |
| Others | (317) | (1,292) | (299) | (1,909) |
| Total | 11,229 | (5,508) | 63 | 5,783 |

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(₹ in lakhs, unless otherwise stated)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| 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 | 44 | 44 |
| -unused tax losses | 265 | 268 |
| | 309 | 312 |

Long-term capital loss of ₹35 lakhs is available for set-off till 31 March 2025 and ₹9 lakhs till 31 March 2027 (2020: ₹35 lakhs till 31 March 2025 and ₹9 lakhs till 31 March 2027), unused tax losses amounting ₹262 lakhs (2020: ₹226 lakhs) do not have any expiry and balance unused tax losses have an expiry ranging from 2021 till 2029.

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| 21.3 Income tax credit/(expense) recognised directly in equity | | |
| Tax effect on changes in fair value of other investments | (130) | (252) |
| Tax effect on actuarial gains/(losses) on defined benefit obligations | 251 | (110) |
| Tax effect on Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge | (411) | 299 |
| | (290) | (63) |
| 21.4 Current tax liabilities (net) | | |
| Income tax payable (net of advance tax) | 3,626 | 4,305 |
| | 3,626 | 4,305 |
| 21.5 Reconciliation of tax expense to the accounting profit is as follows: | | |
| Accounting profit before tax | 178,595 | 137,851 |
| Tax expense at statutory tax rate of 25.17% (2020: 25.17%) | 44,952 | 34,697 |
| <i>Adjustments:</i> | | |
| Effect of income that is exempt from tax | 14 | (17) |
| Effect of expenses that are not deductible in determining taxable profit | 889 | 371 |
| Effect of concessions (research and development and other allowances) | (21) | (17) |
| Effect of change in tax rate | - | (3,818) |
| Others | (154) | 131 |
| Tax expense reported in the Consolidated Statement of Profit and Loss | 45,680 | 31,347 |

22. Other liabilities

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Advances from customers | 5,904 | 6,588 |
| Income received in advance | 827 | 877 |
| Other liabilities (including statutory remittances) | 1,369 | 1,337 |
| | 8,100 | 8,802 |
| Current | 7,273 | 7,925 |
| Non-current | 827 | 877 |
| | 8,100 | 8,802 |

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(₹ in lakhs, unless otherwise stated)

23. Trade payables

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Acceptances | 1,13,353 | 63,073 |
| Other than Acceptances | 1,78,863 | 2,71,738 |
| | 2,92,216 | 3,34,811 |
| of the above: | | |
| i) Total outstanding dues of micro enterprises and small enterprises* | 936 | 943 |
| ii) Total outstanding dues of creditors other than micro enterprises and small enterprises** | 2,91,280 | 333,868 |
| | 2,92,216 | 3,34,811 |

*Dues 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

**Includes amount payable to related party ₹314 Lakhs (2020: ₹1,206 lakhs). Also Refer Note 40(E)

24. Revenue from operations

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| The following is an analysis of the Group's revenue: | | |
| Sales | 10,81,991 | 9,83,977 |
| Government subsidies | 3,32,468 | 3,25,119 |
| Other operating revenue | 6,889 | 4,573 |
| Total Revenue from operations | 14,21,348 | 13,13,669 |
| Other operating revenues comprise: | | |
| Service income | 414 | 389 |
| DEPB income/ excise benefits | 1,696 | 2,263 |
| Provision for liabilities no longer required, written back | 3,153 | 45 |
| Insurance claim | 274 | 22 |
| Others | 1,352 | 1,854 |
| | 6,889 | 4,573 |

25. Other income

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| Interest income | 4,164 | 3,771 |
| Dividend income from investments carried at FVTPL | - | 13 |
| Dividend income from investments carried at FVTOCI | 5 | 19 |
| Profit on sale of investment | - | 34 |
| Gain on measuring investments at FVTPL (net) | 162 | - |
| Others | 22 | 167 |
| | 4,353 | 4,004 |

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(₹ in lakhs, unless otherwise stated)

26. Changes in inventories of finished goods, work-in-process and stock-in-trade

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--------------------------------|-------------------------------------|-------------------------------------|
| As at 1 April | | |
| Work-in-process | 3,847 | 2,369 |
| Finished goods | 1,41,630 | 1,66,265 |
| Stock-in-trade | 36,936 | 34,149 |
| | 1,82,413 | 2,02,783 |
| Add: On account of acquisition | 295 | - |
| Less: As at 31 March | | |
| Work-in-process | 3,898 | 3,847 |
| Finished goods | 1,06,394 | 1,41,630 |
| Stock-in-trade | 18,470 | 36,936 |
| | 1,28,762 | 1,82,413 |
| | 53,946 | 20,370 |

27. Employee benefits expense

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Salaries, wages and bonus | 45,572 | 38,266 |
| Share based payments (Refer note 33.3) | 399 | 518 |
| Contribution to provident and other funds | 4,006 | 3,350 |
| Staff welfare expenses | 3,880 | 3,974 |
| | 53,857 | 46,108 |

28. Finance cost

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|-----------------------------------|-------------------------------------|-------------------------------------|
| Interest expense* | 6,256 | 19,279 |
| Other borrowing costs and charges | 732 | 678 |
| Lease interest cost | 3,579 | 3,571 |
| | 10,567 | 23,528 |

* Net of- ₹ Nil capitalised (2020: ₹433 lakhs capitalised at the average interest rate of 5.01%)

29. Depreciation and amortisation expense

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| Depreciation of property, plant and equipment (Refer note 3) | 13,439 | 11,969 |
| Amortisation of intangible assets (Refer note 5) | 170 | 214 |
| Amortisation on Right-of-use assets (Refer note 4) | 3,699 | 3,618 |
| | 17,308 | 15,801 |

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(₹ in lakhs, unless otherwise stated)

30. Other expenses

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| Stores and spares consumed | 11,343 | 8,594 |
| Power, fuel and water | 31,483 | 28,046 |
| Rent | 1,122 | 921 |
| Repairs to: | | |
| Buildings | 569 | 623 |
| Machinery | 4,359 | 3,606 |
| Others | 2,939 | 2,160 |
| Insurance charges | 2,789 | 2,128 |
| Rates and taxes | 1,556 | 1,203 |
| Freight and distribution | 89,236 | 88,440 |
| Exchange differences (net) | 4,895 | 12,218 |
| Loss on sale/scrap of property, plant and equipments (net) | 468 | 471 |
| Impairment allowance recognised for doubtful trade and other receivables, loans and advances (net) | 2,169 | 845 |
| Trade and other receivables written off | 35 | - |
| Loss on sale of investments | 17 | - |
| Loss on measuring investments at FVTPL (net) | - | 104 |
| Miscellaneous expenses | 44,142 | 39,543 |
| | 1,97,122 | 1,88,902 |

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 Group's reportable segments under IndAS 108 are as follows:

1. Nutrient and other allied business
2. Crop protection

The following is an analysis of the Group's revenue and results from operations by reportable segment:

| | Segment revenue | | Segment profit | |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
| Nutrient and other allied business | 12,23,184 | 11,55,003 | 1,68,518 | 1,50,698 |
| Crop protection | 208,387 | 1,68,540 | 34,681 | 22,029 |
| | 14,31,571 | 13,23,543 | 2,03,199 | 1,72,727 |
| Less: Inter - segment | (10,223) | (9,874) | 328 | (648) |
| Total | 14,21,348 | 13,13,669 | 2,03,527 | 172,079 |
| Other income | | | 4,353 | 4,004 |
| Unallocable expense | | | (19,258) | (14,782) |
| Finance costs | | | (10,567) | (23,528) |
| Share in profit/(loss) of joint venture and associate | | | 540 | 78 |
| Profit before tax | | | 1,78,595 | 1,37,851 |

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.

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31.2 Segment assets and liabilities

| | As at 31 March 2021 | As at 31 March 2020 |
|------------------------------------|------------------------|------------------------|
| Segment assets | | |
| Nutrient and other allied business | 4,96,022 | 7,83,820 |
| Crop protection | 1,45,513 | 1,51,905 |
| Unallocable assets | 2,48,031 | 79,152 |
| Total assets | 8,89,566 | 10,14,877 |
| Segment liabilities | | |
| Nutrient and other allied business | 2,91,033 | 3,15,828 |
| Crop protection | 65,891 | 45,371 |
| Unallocable liabilities | 17,583 | 2,21,908 |
| Total liabilities | 3,74,507 | 5,83,107 |

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.

31.3 Other segment information

| | Depreciation amortisation | | Additions to non - current assets | |
|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------------------------------|
| | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2021 | For the year ended 31 March 2020* |
| Nutrient and other allied business | 12,971 | 12,090 | 12,291 | 63,103 |
| Crop protection | 4,337 | 3,711 | 6,919 | 5,551 |

*Includes Right-of-use recognised on transition date, 1 April 2019.

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 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Phosphatic Fertilisers | 6,66,878 | 6,37,951 |
| Urea | 33,321 | 25,957 |
| Muriate of Potash | 32,065 | 28,172 |
| Single Super Phosphate | 43,873 | 37,278 |
| Others | 1,14,579 | 1,00,526 |
| | 8,90,716 | 8,29,884 |
| Government subsidies | 3,32,468 | 3,25,119 |
| Nutrient and other allied business | 12,23,184 | 11,55,003 |
| Crop protection | 208,387 | 1,68,540 |
| Total | 14,31,571 | 13,23,543 |
| Less: Inter - segment | (10,223) | (9,874) |
| Revenue from operations | 14,21,348 | 13,13,669 |

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(₹ in lakhs, unless otherwise stated)

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 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Equity | 5,15,059 | 4,31,770 |
| Short-term borrowings | 161 | 1,62,512 |
| Inter-corporate deposits with financial institutions | (1,51,368) | (42,857) |
| Cash and cash equivalents | (69,210) | (5,054) |
| Net debt | (2,20,417) | 1,14,601 |
| Total capital (equity + net debt) | 2,94,642 | 5,46,371 |
| Net debt to capital ratio | * | 0.21 |
| Interest coverage ratio | 19.54 | 7.53 |

* As at 31 March 2021, Short term borrowings are lower than the balances of Inter corporate deposits with financial institutions and Cash and cash equivalents.

32.2 Categories of financial instruments

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Financial assets | | |
| Measured at fair value through profit or loss (FVTPL)* | | |
| (a) Mandatorily measured: | | |
| (i) Derivative instruments not designated in hedge accounting relationship | 965 | 7,015 |
| (ii) Derivative instruments designated in hedge accounting relationship | 412 | 5 |
| (iii) Equity investments | 18 | 3 |
| (iv) Other investments | 266 | 174 |
| Measured at amortised cost | | |
| (a) Cash and cash equivalents | 69,210 | 5,054 |
| (b) Bank balances other than cash and cash equivalents | 2,999 | 2,776 |
| (c) Other financial assets at amortised cost | 2,68,057 | 4,50,964 |
| Measured at FVTOCI* | | |
| (a) Investments in equity instruments designated upon initial recognition | 18,122 | 17,264 |
| (b) Investments in other instruments designated upon initial recognition | 1,609 | 1,609 |

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| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Measured at cost | | |
| (a) Investments in equity instruments in joint ventures and associate | 1,364 | 2,083 |
| Financial liabilities | | |
| Measured at fair value through profit or loss (FVTPL)* | | |
| (a) Derivative instruments not designated in hedge accounting relationship | 249 | 921 |
| (b) Derivative instruments designated in hedge accounting relationship | 4 | 1,229 |
| Measured at amortised cost | 3,53,228 | 5,58,499 |

* 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 |

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.

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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 buyers credit, packing credit etc. are 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.

There are no long-term borrowings outstanding as on 31 March 2021 and 31 March 2020.

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 2021 | As at 31 March 2020 | As at 31 March 2021 | As at 31 March 2020 |
| USD (millions) | 256.81 | 335.46 | 37.30 | 40.25 |
| INR (₹ in lakhs) | 1,87,764 | 2,53,826 | 27,266 | 30,455 |
| EURO (millions) | 0.04 | 0.05 | 1.52 | 2.18 |
| INR (₹ in lakhs) | 36 | 45 | 1,305 | 1,805 |

The foreign currency risk on above exposure is mitigated by derivative contracts. The outstanding contracts as at the Balance Sheet date are as follows:

b. Foreign currency forward and option contracts outstanding as at the Balance Sheet date:

| Currency | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2021 | As at 31 March 2020 |
|--------------------------|---------------------|---------------------|---------------------|---------------------|
| | Buy | Sell | Buy | Sell |
| Forward contracts | | | | |
| USD (millions)* | 191.29 | 65.92 | 293.96 | 73.33 |
| INR (₹ in lakhs) | 1,39,865 | 48,190 | 2,22,425 | 55,479 |
| Number of contracts | 63 | 59 | 96 | 47 |

The forward 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.

* Includes 65.92 USD (millions) (31 March 2020 : 70.11 USD (millions)) Sell contracts outstanding under past performance facility/anticipated exposure as per Reserve Bank of India (RBI) Master Direction on Risk Management and Inter-Bank Dealings.

c. Net open exposures outstanding as at the Balance Sheet date:

| Currency | Liabilities | | Assets | |
|------------------|---------------------|---------------------|---------------------|---------------------|
| | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2021 | As at 31 March 2020 |
| USD (millions) | 65.51 | 41.50 | - | - |
| INR (₹ in lakhs) | 47,899 | 31,401 | - | - |
| EURO (millions) | 0.04 | 0.05 | 1.52 | 2.18 |
| INR (₹ in lakhs) | 36 | 45 | 1,305 | 1,805 |

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d. Summary of hedging instruments outstanding at the end of the year designated as cash flow hedges:

| Item | As at | No. of contracts | USD (millions) | Amount in ₹ lakhs | Average exchange rate |
|---|---------------|------------------|----------------|-------------------|-----------------------|
| Sell Currency - USD with tenor less than a year | 31 March 2021 | 43 | 46.83 | 34,757 | 74.22 |
| | 31 March 2020 | 25 | 50.82 | 38,450 | 75.66 |

Foreign currency forward contracts designated as hedging instruments in cash flow hedges of forecast sales in USD are measured at fair value through OCI. While the Company enters into other foreign exchange forward contracts to reduce the foreign exchange risk, these other contracts are not designated in hedge relationships and are measured at FVTPL.

The terms of the hedging instruments match the terms of the forecast transactions. As a result, no hedge ineffectiveness arise requiring recognition through profit or loss.

e. 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.

| | Amount in ₹ lakhs | |
|--|-------------------|---------|
| Currency USD impact on: | 2020-21 | 2019-20 |
| Impact of ₹1 strengthening against US Dollar on profit or loss for the year | 490 | 311 |
| Impact of ₹1 weakening against US Dollar on profit or loss for the year | (490) | (311) |
| Impact of ₹1 strengthening against US Dollar on Equity as at the end of the reporting period | 490 | 311 |
| Impact of ₹1 weakening against US Dollar on Equity as at the end of the reporting period | (490) | (311) |

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, 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 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 2021 would decrease/ increase by ₹ 1.09 lakhs (31 March 2020: ₹ 609 lakhs).

32.4.3 Other price risks

The Group is exposed to equity price risks arising from equity investments. Certain of the Group's equity investments are held for strategic rather than trading purposes. The Group also holds certain other equity investments for trading purposes.

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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 2021 would increase/ decrease by ₹ 695 Lakhs (2020: ₹ 662 Lakhs) 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 2021:

| | Carrying amount | upto 1 year | 1-3 year | More than 3 year | Total contracted cash flows |
|------------------------------------|-----------------|-----------------|--------------|------------------|-----------------------------|
| Accounts payable and acceptances | 2,92,216 | 2,92,335 | - | - | 2,92,335 |
| Borrowings and interest thereon# | 162 | 162 | - | - | 162 |
| Other financial liabilities** | 22,516 | 22,321 | - | 1,500 | 23,821 |
| Lease liabilities | 38,334 | 2,143 | 3,817 | 32,374 | 38,334 |
| Foreign currency forward contracts | 253 | 253 | - | - | 253 |
| Total | 3,53,481 | 3,17,214 | 3,817 | 33,874 | 3,54,905 |

The table below provides details of financial assets as at 31 March 2021:

| | Carrying amount |
|---|-----------------|
| Investments | * |
| Trade receivables | 55,442 |
| Government subsidies receivable | 58,966 |
| Cash and cash equivalents including bank balances | 72,209 |
| Loans | 1,51,368 |
| Other financial assets | 2,281 |
| Foreign currency forward contracts | 1,377 |
| Total | 3,41,643 |

* less than a lakh

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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 31 March 2020:

| | Carrying amount | upto 1 year | 1-3 year | More than 3 year | Total contracted cash flows |
|---|-----------------|-----------------|--------------|------------------|-----------------------------|
| Accounts payable and acceptances | 3,34,811 | 3,36,390 | - | - | 3,36,390 |
| Borrowings and interest thereon# | 1,62,796 | 1,63,325 | - | - | 1,63,325 |
| Other financial liabilities** | 21,495 | 21,323 | - | 1,500 | 22,823 |
| Lease liabilities | 39,397 | 1,855 | 5,643 | 31,899 | 39,397 |
| Foreign currency forward and option contracts | 2,150 | 2,148 | 2 | - | 2,150 |
| Total | 5,60,649 | 5,25,041 | 5,645 | 33,399 | 5,64,085 |

The table below provides details of financial assets as at 31 March 2020:

| | Carrying amount |
|---|-----------------|
| Investments | * |
| Trade receivables | 173,411 |
| Government subsidies receivable | 231,622 |
| Cash and cash equivalents including bank balances | 7,830 |
| Loans | 42,857 |
| Other financial assets | 3,074 |
| Foreign currency forward contracts | 7,020 |
| Total | 465,814 |

*less than a lakh

Included in Borrowing and interest thereon 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 ₹15,948 Lakhs (31 March 2020: ₹14,892 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 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 31 March 2017). 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.

Considering the discussions held with Lenders and operational improvement achieved by TIFERT during the year, 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. TIFERT has paid the subsequent half-yearly instalments that were due as per the payment schedule. The sponsor guarantee was valid upto 31 March 2018. The Company's obligation under this corporate guarantee if that amount is claimed by the counterparty to the guarantee is subject to a maximum of ₹ 10,299 Lakhs (31 March 2020: ₹ 13,707 Lakhs).

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32.8 Financing facilities

The Company has access to financing facilities of which ₹3,49,821 Lakhs (2020: ₹ 3,10,699 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 2021 | As at 31 March 2020 | | |
| 1) Foreign currency forward contracts | 1,124 | 4,870 | Level 2 | Refer Note 3(a) below |
| 2) Investments in quoted equity instruments at FVTPL | 18 | 3 | Level 1 | Refer Note 2 below |
| 3) Investments in unquoted venture capital fund at FVTPL | 266 | 174 | Level 3 | Refer Note 4(a) below |
| 4) Investments in quoted equity investments at FVTOCI | 675 | 295 | Level 1 | Refer Note 2 below |
| 5) Investments in unquoted equity instruments at FVTOCI | 14,292 | 14,217 | Level 3 | Refer Note 4(b) below |
| | 3,155 | 2,752 | Level 3 | Refer Note 4(c) below |

*Positive value denotes financial asset (net) and negative value denotes financial liability (net)

Notes:

- There were no transfers between Level 1 and 2 in the period.
- The Level 1 financial instruments are measured using quotes in active market.
- 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 | Discounted Cash Flow | Forward exchange rates, contract forward and interest rates, observable yield curves. |

- 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 unquoted investments of the fund for its valuation purpose. | A 10% increase/ decrease in the value of investment by ₹ 15 lakhs (2020: ₹ 13 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 specific industries, ranging from 0 to 3% (2020: 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 of the amount would increase/decrease by ₹1,203 lakhs (2020: ₹1,766 lakhs) |
| | | Weighted average cost of capital (WACC) as determined ranging from 13% to 17% (2020: 12% to 16%) | WACC or discount rate used while holding all other variables constant would decrease/increase the carrying amount by ₹ 1,335 lakhs (2020: ₹ 1,427 lakhs) |

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| | |
|---|--|
| (c) Investments in Market Multiple unquoted equity Approach instruments at FVTOCI | Discount for lack of marketability, A 10% increase/ decrease in the discount for determined by reference to the lack of marketability used in isolation would share price of listed entities in decrease/increase the carrying amount by similar industries, ranging from ₹291 lakhs (2020: ₹ 206 lakhs) 30% to 50% (2020: 30% to 50%) |
|---|--|

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 2021 | | As at 31 March 2020 | |
|--|----------------------|---------------------|------------|---------------------|------------|
| | | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial Assets/ financial liabilities | | | | | |
| Financial assets at amortised cost: | | | | | |
| - Trade receivables | Level 2 | 55,442 | 55,442 | 1,73,411 | 173,411 |
| - Government subsidies receivable | Level 2 | 58,966 | 58,966 | 2,31,622 | 231,622 |
| - Cash and cash equivalents | Level 2 | 69,210 | 69,210 | 5,054 | 5,054 |
| - Bank balances other than cash and cash equivalents | Level 2 | 2,999 | 2,999 | 2,776 | 2,776 |
| - Loans | Level 2 | 1,51,368 | 1,51,368 | 42,857 | 42,857 |
| - Other financial assets | Level 2 | 2,281 | 2,281 | 3,074 | 3,074 |

| | Fair value hierarchy | As at 31 March 2021 | | As at 31 March 2020 | |
|--|----------------------|---------------------|------------|---------------------|------------|
| | | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial liabilities | | | | | |
| Financial liabilities at amortised cost: | | | | | |
| - Borrowings | Level 2 | 161 | 161 | 1,62,512 | 1,62,512 |
| - Trade payables | Level 2 | 2,92,216 | 2,92,216 | 3,34,811 | 3,34,811 |
| - Other financial liabilities | Level 2 | 22,517 | 22,549 | 21,779 | 21,925 |
| - Lease liabilities | Level 2 | 38,334 | 38,334 | 39,397 | 39,397 |

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 2021:

| | Investments in unquoted venture capital fund at FVTPL | Investments in unquoted equity instruments at FVTOCI | Total |
|---------------------------------------|---|--|---------------|
| Opening balance | 174 | 16,969 | 17,143 |
| Total gains or losses: | | | |
| - in profit or loss | 148 | - | 148 |
| - in other comprehensive income (net) | - | 478 | 478 |
| Exchange differences | - | - | - |
| Purchases | - | - | - |
| Sold | (56) | - | (56) |
| Closing balance | 266 | 17,447 | 17,713 |

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Reconciliation of Level 3 fair value measurements for the year ended 31 March 2020:

| | Investments in unquoted venture capital fund at FVTPL | Investments in unquoted equity instruments at FVTOCI | Total |
|---------------------------------|---|--|---------------|
| Opening balance | 324 | 15,698 | 16,022 |
| Total gains or losses: | | | |
| - in profit or loss | (96) | - | (96) |
| - in other comprehensive income | - | 1,271 | 1,271 |
| Exchange differences | - | - | - |
| Purchases | 16 | - | 16 |
| Sold | (70) | - | (70) |
| Closing balance | 174 | 16,969 | 17,143 |

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 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 2021 | | For the year ended 31 March 2020 | |
|------------------------------|-------------------------------------|--|-------------------------------------|--|
| | No. of Options | Weighted average exercise price (₹) | No. of Options | Weighted average exercise price (₹) |
| At the beginning of the year | 2,150 | 287.50 | 28,400 | 287.50 |
| Granted | - | - | - | - |
| Exercised | 2,150 | 287.50 | 26,250 | 287.50 |
| Cancelled | - | - | - | - |
| Lapsed | - | - | - | - |
| At the end of the year | - | - | 2,150 | 287.50 |

b) The above outstanding options have been granted in various tranches and have a weighted average remaining life of nil years (2020: 0.01 years). The exercise price of the outstanding options is Nil (2020 : ` 287.50). The weighted average share price during the year is `740 (2020 : `468).

c) Number of options exercisable at the end of the year Nil (2020 : 2,150).

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(₹ in lakhs, unless otherwise stated)

- 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 behavioral 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 2021 | For the year ended 31 March 2020 |
|-----------------------------|-------------------------------------|-------------------------------------|
| Dividend yield (%) | - | 700 |
| Expected volatility (%) | - | 0.39-0.47 |
| Risk free interest rate (%) | - | 8 |
| Expected term (in years) | - | 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 2021 | | For the year ended 31 March 2020 | |
|------------------------------|-------------------------------------|--|-------------------------------------|--|
| | No. of Options | Weighted average exercise price (₹) | No. of Options | Weighted average exercise price (₹) |
| At the beginning of the year | 17,55,990 | 357.49 | 21,54,120 | 347.68 |
| Granted* | 2,13,400 | 734.21 | 1,26,840 | 375.90 |
| Exercised | 4,22,780 | 338.84 | 4,00,170 | 322.30 |
| Cancelled | 1,47,870 | 354.92 | 1,24,800 | 319.65 |
| Lapsed | - | - | - | - |
| At the end of the year | 13,98,740 | 420.87 | 17,55,990 | 357.49 |

*the weighted average fair value of options granted during the year is ₹ 265.68 (2020: ₹ 127.91)

- a) The outstanding options have been granted in various tranches and have a weighted average remaining life of 1.93 years (2020: 2.39 years). The exercise price of the outstanding options range from ₹ 319.65 to ₹ 799.35 (2020: ₹ 319.65 to ₹ 529.40). The weighted average share price during the year is ₹ 740 (2020: ₹ 468).
- b) Number of options exercisable at the end of the year 9,68,110 (2020: 8,21,850).
- c) 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 behavioral 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 2021 | For the year ended 31 March 2020 |
|-----------------------------|-------------------------------------|-------------------------------------|
| Dividend yield (%) | 650 | 650 |
| Expected volatility (%) | 0.32-0.33 | 0.32-0.33 |
| Risk free interest rate (%) | 4.77-5.86% | 6.14-6.43 |
| Expected term (in years) | 3.50-6.51 | 3.51-6.51 |

33.3 Share based payments

The Group recorded employee share based payments of ₹ 399 Lakhs (2020: ₹ 518 Lakhs) under 'Employee benefits expense'.

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(₹ in lakhs, unless otherwise stated)

34 Employee benefits plan

a) Defined benefit plans

(₹ in Lakhs)

| | Gratuity plan | |
|--|---------------|--------------|
| | 2020-2021 | 2020-2021 |
| Change in Defined Benefit Obligation (DBO) during the year | | |
| Present value of DBO at the beginning of the year | 5,854 | 5,405 |
| Current service cost | 637 | 578 |
| Interest cost | 371 | 379 |
| Actuarial loss/(gain) arising from changes in financial assumptions | (9) | 244 |
| Actuarial loss/(gain) arising from changes in experience adjustments | 504 | (9) |
| Benefits paid | (846) | (743) |
| Present value of DBO at the end of the year | 6,511 | 5,854 |
| Change in fair value of plan assets during the year | | |
| Fair value of plan assets at the beginning of the year | 5,624 | 5,622 |
| Interest income | 400 | 424 |
| Employer contributions | 1,400 | - |
| Benefits paid | (846) | (743) |
| Remeasurements – return on plan assets (excluding interest income) | (500) | 321 |
| Fair value of assets at the end of the year | 6,078 | 5,624 |
| Amounts recognised in the Balance Sheet | | |
| Present value of DBO at the end of the year | 6,511 | 5,854 |
| Fair value of plan assets at the end of the year | (6,078) | (5,624) |
| Funded status of the plans – (asset)/ liability | 433 | 230 |
| (Asset)/ liability recognised in the Balance Sheet | 433 | 230 |
| Current service cost | 637 | 578 |
| Interest income on net defined benefit obligation | (29) | (44) |
| Expense recognised in Statement of Profit and Loss | 608 | 534 |
| Remeasurement on the net defined benefit obligation | | |
| Return on plan assets (excluding interest income) | 500 | (321) |
| Actuarial loss/(gain) arising from changes in financial assumptions | (9) | 244 |
| Actuarial loss/(gain) arising from changes in experience adjustments | 504 | (9) |
| Remeasurements recognised in other comprehensive income | 995 | (86) |
| Total defined benefit cost recognized | 1,603 | 448 |
| Nature and extent of investment details of the plan assets# | | |
| State and Central Securities | - | - |
| Bonds | - | - |
| Special deposits | - | - |
| Insurer managed funds | 100% | 100% |

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.

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(₹ in lakhs, unless otherwise stated)

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.

| Assumptions | 31 March 2021 | 31 March 2020 |
|---|---------------|---------------|
| Discount rate | 6.86% | 6.84% |
| Estimated rate of return on plan assets | 7.54% | 7.54% |
| Expected rate of salary increase | 5-7% | 5-7% |
| Attrition rate | 5% | 5% |

| Sensitivity analysis – DBO at the end of the year (₹ in lakhs) | 31 March 2021 | 31 March 2020 |
|--|---------------|---------------|
| Discount rate + 100 basis points | 6,081 | 5,498 |
| Discount rate - 100 basis points | 7,003 | 6,259 |
| Salary increase rate +1% | 6,942 | 6,209 |
| Salary increase rate -1% | 6,125 | 5,534 |
| Attrition rate +1% | 6,484 | 5,844 |
| Attrition rate -1% | 6,542 | 5,865 |

(₹ in Lakhs)

| | 2020-21 | 2019-20 |
|--|----------|----------|
| Weighted average duration of DBO | 11 years | 11 years |
| 1. Expected employer contribution in the next year | 636 | 709 |
| 2. Expected benefit payments | | |
| Expected Cash flows | | |
| Year 1 | 889 | 807 |
| Year 2 | 805 | 717 |
| Year 3 | 621 | 655 |
| Year 4 | 482 | 498 |
| Year 5 | 485 | 392 |
| Beyond 5 years | 1,920 | 1,608 |

b) Defined contribution plans

In respect of the defined contribution plans, an amount of ₹ 3,366 Lakhs (2020: ₹2,793 lakhs) has been recognised as an expense in the Statement of Profit and Loss during the year.

35 Earnings per share

| | | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-----|-------------------------------------|-------------------------------------|
| i) Profit after tax (₹ in lakhs) | [a] | 1,32,915 | 1,06,504 |
| Basic | | | |
| ii) Weighted average number of equity shares of ₹1/- each outstanding during the year | [b] | 29,31,65,645 | 29,26,25,865 |
| Dilution | | | |
| iii) Effect of potential equity shares on employees stock options outstanding | | 7,94,319 | 7,14,322 |
| iv) Weighted average number of equity shares of ₹1/- each outstanding during the year | [c] | 29,39,59,964 | 29,33,40,187 |
| Earnings Per Share (face value of ₹1/- each) | | | |
| v) Basic – [a]/[b] – (₹) | | 45.34 | 36.40 |
| vi) Diluted – [a]/[c] – (₹) | | 45.22 | 36.31 |

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(₹ in lakhs, unless otherwise stated)

36 Contingent liabilities (to the extent not provided for)

Claims against the Group not acknowledged as debt

(₹ in Lakhs)

| In respect of matters under dispute: | As at 31 March 2021 | As at 31 March 2020 |
|--------------------------------------|------------------------|------------------------|
| Excise duty | 344 | 390 |
| Customs duty | 820 | 848 |
| Sales tax | 1,267 | 1,549 |
| Income tax | 406 | 2,096 |
| Service tax | 264 | 248 |
| Goods and Services Tax | 37 | 5 |
| Others | 5,657 | 5,657 |

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 2021 | As at 31 March 2020 |
|---------------------------------|------------------------|------------------------|
| Capital expenditure commitments | 5,961 | 5,983 |
| Commitment towards investments | - | 1,200 |

38 Corporate social responsibility

As per Section 135 of the Companies Act, 2013 ('Act'), a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The focus areas of Company's CSR activities are Education and Health care & while also pursuing CSR activities for the benefit of community around its local areas of operations. The CSR activities of the Company are in line with the Schedule VII of the Act. A CSR committee has been formed by the Company as per the Act. The CSR Committee shall recommend the amount of expenditure to be incurred on the CSR activities to be undertaken by the Company as specified in Schedule VII of the Act, as amended from time to time.

a) Gross amount required to be spent by the company during the year is ₹ 2,322 lakhs.

b) Amount spent during the year on:

| Particulars | (₹ in Lakhs) |
|---|--------------|
| (i) Construction / acquisition of any asset | - |
| (ii) On purposes other than (i) above | 2,178 |

c) Details of amount unspent:

(₹ in Lakhs)

| Opening balance | Amount deposited in Specified Fund of Sch. VII within 6 months | Amount required to be spent during the year | Amount spent during the year (Refer Note below) | Closing balance |
|-----------------|--|---|---|-----------------|
| 152 | - | 2,322 | 2,178 | 296 |

Note:

Includes amount of ₹102 Lakhs pertaining to amounts unspent on CSR projects due to COVID-19 pandemic and ₹ 194 Lakhs contributed to and remaining unspent by implementation partner AMM foundation for ongoing CSR activities.

The Company has transferred these unspent amounts to a separate bank account on April 30, 2021 in compliance with Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 vide MCA notification dated January 22, 2021.

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(₹ in lakhs, unless otherwise stated)

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

| | (₹ in Lakhs) | |
|---|-------------------------------------|-------------------------------------|
| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
| Salaries, wages and bonus | 945 | 880 |
| Contribution to provident and other funds | 91 | 77 |
| Consumption of stores and spare parts | 134 | 228 |
| Power and fuel | 58 | 61 |
| Repairs to machinery | 47 | 120 |
| Miscellaneous expenses | 178 | 497 |
| | 1,453 | 1,863 |

40 Related party disclosures

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

| Names | Nature of relationship |
|--|--|
| E.I.D.-Parry (India) Limited | Parent company |
| Parry Infrastructure Company Private Limited (PICPL) | Fellow subsidiary |
| Parry Enterprises (India) Limited (PEIL) | Associate of parent company |
| Coromandel SQM (India) Pvt Limited (CSQM) | Joint Venture till 23 August 2020 (Refer note 41) |
| Coromandel Provident Fund (PF Trust) | Employee benefit plan |
| Coromandel Provident Fund No. 1 (PF Trust) | 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. A. Vellayan | Key management personnel (appointed as Additional Director w.e.f. 11 November 2020 and as Chairman w.e.f. 12 November 2020) |
| Mr. Arun Alagappan | Key management personnel (appointed as Additional Director w.e.f. 11 November 2020 and as Executive Vice Chairman w.e.f. 15 February 2021) |
| Mr. Arun Vellayan | Relative of Key management personnel –son of Chairman. |
| Mr. Narayanan Vellayan | Relative of Key management personnel -son of Chairman. |
| Mr. Sameer Goel | Key management personnel |
| Mr. S Suresh | Key management personnel of Parent company |

(B) Transactions during the year:

| | (₹ in Lakhs) | |
|--|-------------------------------------|-------------------------------------|
| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
| i) Sale of finished goods/raw materials/services | | |
| a) Joint Venture- CSQM* | 268 | 298 |
| ii) Rent received | | |
| a) Fellow subsidiary – PICPL | 95 | 95 |
| b) Joint Venture- CSQM* | 2 | 4 |
| c) Associate – PEIL | - | 8 |

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(₹ in lakhs, unless otherwise stated)

| | | |
|--|--------|-------|
| iii) Expenses reimbursed by | | |
| a) Joint Venture- CSQM* | - | 54 |
| b) Joint venture – YCAS | - | - |
| c) Associate – PEIL | - | 3 |
| iv) Purchase of finished goods and services | | |
| a) Parent company | 842 | 320 |
| b) Joint Venture- CSQM* | 2,400 | 4,195 |
| c) Associate – PEIL | 157 | 1,230 |
| v) Commission on sales | | |
| a) Associate – Sabero Philippines | 46 | 22 |
| vi) Expenses reimbursed to | | |
| a) Parent company | 195 | 693 |
| vii) Purchase of assets and spares | | |
| a) Joint venture – YCAS | 34 | 36 |
| viii) Dividend paid (including interim dividend payable) | | |
| a) Parent company | 30,484 | 6,200 |
| ix) Rent paid | | |
| a) Parent company | 65 | 49 |
| b) Joint venture – YCAS | - | 1 |
| x) Investment made in Equity shares: | | |
| a) Joint venture-YCAS | - | 300 |

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.

*With effect from 24 August 2020, CSQM has become subsidiary of the Company on acquisition of balance 50% shares. Accordingly, transactions with CSQM till the date of conversion to Subsidiary are being considered in the disclosure. (Refer note 41)

(C) Transactions with key management personnel

- Dividends paid to directors during the year ended 31 March 2021 ₹ 32 Lakhs (2020: ₹6 Lakhs)
- 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 2021 | For the year ended 31 March 2020 |
|------------------------------|-------------------------------------|-------------------------------------|
| Short-term employee benefits | 1,062 | 496 |
| Others* | 332 | 319 |
| Total compensation | 1,394 | 815 |

*excludes Goods and Services Tax/ service tax

- During the year, the Company has not granted any employee stock options to its key managerial personnel.
- During the year, the company has sold car and laptop to its key managerial personnel for ₹ 7 lakhs

(D) Refer Note 34 for transactions with Employee benefit funds.

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(₹ in lakhs, unless otherwise stated)

(E) Outstanding balances as at the year end

| | (₹ in Lakhs) | |
|--|------------------------|------------------------|
| | As at 31 March 2021 | As at 31 March 2020 |
| a) Trade receivables/Loans and advances | | |
| - Parent company | 725 | 254 |
| - Fellow subsidiary – PICPL | 3 | 22 |
| - Associate – Sabero Philippines | 6 | 6 |
| - Associate – PEIL | 5 | 37 |
| -CSQM | - | 140 |
| - PF Trust | 422 | - |
| b) Trade payables/ Other liabilities | | |
| - Parent company | 295 | 645 |
| - CSQM | - | 514 |
| - Fellow subsidiary – PICPL | 1,019 | 1,049 |
| -Joint venture – YCAS | 11 | 19 |
| -Associate – PEIL | 8 | 28 |

41 Acquisition of share in Coromandel SQM (India) Private Limited (CSQM)

Pursuant to Share Purchase Agreement dated 10 July 2020, the Company has acquired 50,00,000 equity shares held by M/s Soquimich European Holdings B.V. for a consideration of ₹ 1,200 Lakhs. Consequent to this acquisition Coromandel SQM (India) Private Limited (CSQM) has become a wholly-owned subsidiary of the Company with effect from 24 August 2020. The transaction was accounted in accordance with Ind AS 103 - Business Combinations ("Ind AS 103") and the initial accounting was provisionally determined during September 2020.

During March 2021, the necessary fair value calculations has been finalised and retrospectively adjusted the provisional amounts recognised as at acquisition date with fair values as per the Ind AS 103. The excess of identifiable assets acquired and the liabilities assumed over the consideration paid has been recognised as gain on bargain purchase in capital reserve through other comprehensive income in Consolidated Financial Statements. Consolidation of CSQM as a subsidiary was done w.e.f. 31 August 2020 as there were no material transactions between 24 August 2020 to 31 August 2020.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

| Particulars | Fair Value (₹ in Lakhs) |
|-------------------------------|----------------------------|
| Assets | |
| Property, plant and equipment | 470 |
| Capital work-in-progress | 17 |
| Financial assets | 2 |
| Deferred tax | 9 |
| Inventories | 1,200 |
| Trade receivables | 1,163 |
| Cash and cash equivalents | 1,239 |
| Other current assets | 120 |
| Total assets (A) | 4,220 |

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(₹ in lakhs, unless otherwise stated)

| Particulars | Fair Value (₹ in Lakhs) |
|---|----------------------------|
| Liabilities | |
| Trade payables | 1,353 |
| Other current liabilities | 118 |
| Provisions | 7 |
| Current tax liabilities | 16 |
| Total liabilities (B) | 1,494 |
| Total identifiable net assets acquired (C) = (A-B) | 2,726 |
| Cash consideration | 1,200 |
| Fair valuation of previously held equity interest | 1,260 |
| Total consideration (D) | 2,460 |
| Gain on Bargain purchase - Capital reserve (C-D) | 266 |

42 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 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Group's share of profit/ (loss) | 536 | 76 |
| Group's share of other comprehensive income | - | (1) |
| Group's share of total comprehensive income | 536 | 75 |

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Aggregate carrying amount of the Group's interests in these joint ventures | 1,353 | 2,077 |

b. Associate

(₹ in Lakhs)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Group's share of profit/ (loss) | 4 | 2 |
| Group's share of other comprehensive income | - | - |
| Group's share of total comprehensive income | 4 | 2 |

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Aggregate carrying amount of the Group's interests in these associates | 6 | 2 |

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(₹ in lakhs, unless otherwise stated)

43 Payments to Auditors of the Company

43 (a) Payment to Auditors of the Company

| | (₹ in Lakhs) | |
|---------------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
| Audit fees | 75 | 75 |
| Tax audit fees | 15 | 15 |
| Limited reviews | 36 | 36 |
| Certifications | 70 | 70 |
| Other services | - | 10 |
| Reimbursement of expenses | 2 | 2 |
| Total | 198 | 208 |

43 (b) Payment to auditors of components

| | (₹ in Lakhs) | |
|----------------|------------------------|------------------------|
| | As at 31 March 2021 | As at 31 March 2020 |
| Audit fees | 16 | 15 |
| Tax audit fees | 2 | 1 |
| Other services | 5 | - |
| Total | 23 | 16 |

Note: Amounts given above excludes GST/ service tax.

44 During the year, the Company has made political donation of Nil (2020: ₹413 Lakhs) to Triumph Electoral Trust.

45 During the previous year ended 31 March 2020, pursuant to the requirements of SEBI circular no SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated 22 October 2019, the Company has listed commercial papers on a recognised stock exchange. There are no Commercial papers outstanding as on 31 March 2021.

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(₹ in Lakhs, unless otherwise stated)

46. Additional disclosures related to consolidated financial statements:

a. List of subsidiaries and joint ventures considered for consolidation:

| Name of the Company | Relationship | Country of incorporation | Percentage of voting power as at 31 March 2021 | Net assets | | Share in profit/(loss) | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---------------|--------------------------|--|---|-----------------|--|-----------------|---|-----------------|---|-----------------|
| | | | | 31 March 2021 % of consolidated net assets | Amount in lakhs | 31 March 2021 % of consolidated profit/(loss) | Amount in lakhs | 31 March 2021 % of consolidated other comprehensive income | Amount in lakhs | 31 March 2021 % of consolidated total comprehensive income | Amount in lakhs |
| Coromandel International Limited | Parent | India | - | 98% | 5,03,893 | 99% | 1,31,218 | 85% | 1,110 | 99% | 1,32,328 |
| Liberty Pesticides and Fertilisers Limited (LPFL) | Subsidiary | India | 100 | * | 282 | * | 6 | - | - | * | 6 |
| Sabero Organics America S.A. (SOAL) | Subsidiary | Brazil | 100 | * | 127 | * | (29) | * | (62) | * | (91) |
| Sabero Australia Pty Ltd, Australia (Sabero Australia) | Subsidiary | Australia | 100 | * | 3 | * | (3) | - | 1 | * | (2) |
| Sabero Europe B.V. (Sabero Europe) | Subsidiary | Netherlands | 100 | * | - | * | - | - | - | * | - |
| Sabero Argentina S.A. (Sabero Argentina) | Subsidiary | Argentina | 95 | * | (2) | * | (9) | * | (1) | * | (10) |
| Coromandel Agronegocios de Mexico, S.A de C.V (Coromandel Mexico) | Subsidiary | Mexico | 100 | * | 148 | * | (56) | * | 21 | * | (35) |
| Coromandel International (Nigeria) Limited (CNL) | Subsidiary | Nigeria | 99.99 | * | 2 | * | 2 | * | (1) | * | 1 |
| Parry America, Inc (PAI) | Subsidiary | USA | 100 | 1% | 3,969 | 1% | 1,167 | (9) | (112) | 1% | 1,055 |
| Parry Chemicals Limited (PCL) | Subsidiary | India | 100 | * | 1,685 | * | 30 | - | - | * | 30 |
| Dare Investments Limited (DIL) | Subsidiary | India | 100 | * | 641 | * | (1) | 28% | 361 | * | 360 |
| CFL Mauritius Limited (CML) | Subsidiary | Mauritius | 100 | * | 156 | * | (31) | - | (6) | * | (37) |
| Coromandel Brasil Limitada (CBL), Limited Liability Partnership | Subsidiary | Brazil | 100 | * | 46 | * | 51 | * | (3) | * | 48 |
| Coromandel Mali SASU (CMS) | Subsidiary | Mali | 100 | * | 7 | * | (1) | - | - | * | (1) |
| Coromandel SQM (India) Private Limited (CSQM) w.e.f.24/08/2020 | Subsidiary | India | 100 | * | 2,743 | * | 30 | - | 1 | ** | 31 |
| Coromandel SQM (India) Private Limited (CSQM)(Up to 23/08/2020) | Joint venture | India | 50 | * | - | * | 7 | * | - | * | 7 |
| Yanmar Coromandel Agrisolutions Private Limited (YCAS) | Joint venture | India | 40 | * | 1,353 | ** | 529 | * | - | * | 529 |
| Sabero Organics Philippines Asia Inc (SOPA) | Associate | Philippines | 40 | * | 6 | * | 4 | * | - | * | 4 |
| Total | | | | | 5,15,059 | | 1,32,915 | | 1,309 | | 1,34,224 |

*less than 1%

a. In respect of SOAL, Coromandel Mexico, CNL and SOPA the financial year is from 1 January 2020 to 31 December 2020 and accordingly audited financial statements are available upto 31 December 2020. The consolidated financial statements have been adjusted by the management for significant transactions between 1 January to 31 March to align for consolidation purpose.

b. In respect of Sabero Argentina, CML, CBL and CMS the financial year is from 1 January 2020 to 31 December 2020, however the unaudited financial statements for the period from 1 April 2020 to 31 March 2021 has been considered for the purpose of preparation of consolidated financial statements.

c. In respect of Sabero Europe the financial year is from 1 June 2020 to 31 May 2021 and in respect of YCAS the financial year is from 1 April 2020 to 31 March 2021, however un-audited financial statements for the period 1 April 2020 to 31 March 2021 has been considered for the purpose of preparation of consolidated financial statements.

47. Based on and to the extent of information available with the Group 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 2021 | As at 31 March 2020 |
|--------|---|------------------------|------------------------|
| (i) | Principal amount due to suppliers under MSMED Act, as at the end of the year | 936 | 943 |
| (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. The Board of Directors have approved the proposed Scheme of Amalgamation of Liberty Pesticides and Fertilizers Limited (LPFL) and Coromandel SQM (India) Private Limited (CSQM) with the Company subject to approval of the Hon'ble National Company Law Tribunal, Hyderabad (NCLT) under Section 230 and 232 of the Companies Act 2013. Upon approval of the Scheme by NCLT, the undertakings of LPFL and CSQM shall get transferred to and vested in the Company with the Appointed Date of 01 April 2021 or such other date as the NCLT may approve.
49. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

50. Approval of financial statements

The financial statements were approved by the Board of Directors on 29 April 2021.

For and on behalf of the Board of Directors

Sameer Goel
Managing Director

A Vellayan
Chairman

Jayashree Satagopan
Chief Financial Officer

Rajesh Mukhija
Company Secretary

Place: Secunderabad/ Chennai
Date: 29 April 2021

Liberty Pesticides and Fertilizers Limited

Regd. Off.: 'Coromandel House', 1-2-10, Sardar Patel Road, Secunderabad - 500003 Telangana, India.
Tel: 91-40-6699 7300/6699 7500
Fax: 91-40-2784 4117
E-mail: Investorsgrievance@coromandel.murugappa.com
CIN: U24124TG1978PLC148984

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF LIBERTY PESTICIDES AND FERTILIZERS LIMITED AT THEIR METING HELD ON JANUARY 25, 2021 EXPLAINING THE EFFECT OF THE SCHEME OF AMALGAMATION OF LIBERTY PESTICIDES AND FERTILIZERS LIMITED (TRANSFEROR COMPANY 1 OR COMPANY) AND COROMANDEL SQM (INDIA) PRIVATE LIMITED(TRANSFEROR COMPANY -2) WITH COROMANDEL INTERNATIONAL LIMITED (TRANSFEEE COMPANY) AND THEIR RESPECTIVE SHAREHOLDERS, UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT 2013, ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON PROMOTER SHAREHOLDERS OF THE COMPANY

Background

1. The Board of Directors ("Board") of the Liberty Pesticides and Fertilizers Limited ('Transferor Company-1' or 'Company') at its meeting held on January 25, 2021, unanimously approved the Scheme of Amalgamation of the Company and Coromandel SQM (India) Private Limited (Transferor Company -2) with Coromandel International Limited (Transferee Company) and their respective shareholders ("Scheme"), under Sections 230 to 232 and other applicable provisions of the Companies act 2013 ('Act').
2. The Scheme, *inter alia*, provides for (a) the amalgamation of the Transferor Company-1 and Transferor Company-2 with the Transferee Company and dissolution of the Transferor Company-1 and Transferor Company-2 without winding up and (b) Various other matters incidental, consequential or otherwise integrally connected therewith pursuant to Sections 230 to 232 and other relevant provisions of the Act.
3. The salient features including the rationale of the Scheme were noted by the Board.
4. This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Act.

Valuation of the Company

1. The Company is a wholly owned subsidiary of the Transferee Company. The entire issued and paid-up equity share capital of the Company is held by the Transferee Company and its nominees. No shares of the Transferee Company shall be issued to the shareholders of the Company in lieu of the said amalgamation.
2. In view of the above, valuation report and fairness opinion are not applicable.

Effect of the Scheme on the Equity shareholders, Key Managerial Personnel, Promoters and Non-Promoter shareholders

1. Equity shareholders (including Promoter and Non-Promoter):

- i. The Company is a wholly owned subsidiary of the Transferee Company. The entire issued and paid-up equity share capital of the Company is held by the Transferee Company and its nominees. No shares of the Transferee Company shall be issued to the shareholders of the Company in lieu of the said amalgamation.
- ii. Under the Scheme on and from the Effective Date, the shares held by the Transferee Company in the Company shall, on and from the end of the Transition Period, be cancelled or shall be deemed to have been cancelled without any further act or deed for cancellation thereof by the Transferee Company and shall cease to be in existence accordingly.
- iii. There are no non-promoter shareholders in the Company.

2. Key Managerial Personnel (KMPs):

The Company does not have any KMPs and as such the scheme does not have impact on KMPs.

On behalf of the Board

Sd/-
S. Sankarasubramanian
Chairman

Hyderabad
January 25, 2021



REPORT ADOPTED BY THE BOARD OF DIRECTORS OF COROMANDEL SQM (INDIA) PRIVATE LIMITED AT THEIR METING HELD ON JANUARY 29, 2021 EXPLAINING THE EFFECT OF THE SCHEME OF AMALGAMATION OF LIBERTY PESTICIDES AND FERTILIZERS LIMITED (TRANSFEROR COMPANY 1) AND COROMANDEL SQM (INDIA) PRIVATE LIMITED(TRANSFEROR COMPANY -2 OR COMPANY) WITH COROMANDEL INTERNATIONAL LIMITED (TRANSFEE COMPANY) AND THEIR RESPECTIVE SHAREHOLDERS, UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT 2013, ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON PROMOTER SHAREHOLDERS OF THE COMPANY

Background

1. The Board of Directors ("Board") of the Coromandel SQM (India) Private Limited ('Transferor Company-2' or 'Company') at its meeting held on January 29, 2021 unanimously approved the Scheme of Amalgamation of the Liberty Pesticides and Fertilizers Limited (Transferor Company-1) and Coromandel SQM (India) Private Limited (Transferor Company -2 or Company) with Coromandel International Limited (Transferee Company) and their respective shareholders ("Scheme"), under Sections 230 to 232 and other applicable provisions of the Companies Act 2013 ('Act').
2. The Scheme, *inter alia*, provides for (a) the amalgamation of the Transferor Company-1 and Transferor Company-2 with the Transferee Company and dissolution of the Transferor Company-1 and Transferor Company-2 without winding up and (b) Various other matters incidental, consequential or otherwise integrally connected therewith pursuant to Sections 230 to 232 and other relevant provisions of the Act.
3. The salient features including the rationale of the Scheme were noted by the Board.
4. This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Act.

Valuation of the Company

1. The Company is a wholly owned subsidiary of the Transferee Company. The entire issued and paid-up equity share capital of the Company is held by the Transferee Company and its nominees. No shares of the Transferee Company shall be issued to the shareholders of the Company in lieu of the said amalgamation.
2. In view of the above, valuation report and fairness opinion are not applicable.



Effect of the Scheme on the Equity shareholders, Key Managerial Personnel, Promoters and Non-Promoter shareholders

1. Equity shareholders (including Promoter and Non-Promoter):

- i. The Company is a wholly owned subsidiary of the Transferee Company. The entire issued and paid-up equity share capital of the Company is held by the Transferee Company and its nominees. No shares of the Transferee Company shall be issued to the shareholders of the Company in lieu of the said amalgamation.
- ii. Under the Scheme on and from the Effective Date, the shares held by the Transferee Company in the Company shall, on and from the end of the Transition Period, be cancelled or shall be deemed to have been cancelled without any further act or deed for cancellation thereof by the Transferee Company and shall cease to be in existence accordingly.
- iii. There are no non-promoter shareholders in the Company.

2. Key Managerial Personnel (KMPs):

- i. Under Clause 16 of the Scheme on and from the Effective Date (as defined in the Scheme), the Transferee Company shall engage all the key managerial personnel of the Company, on the same terms and conditions on which they are engaged by the Company without any interruption of service and in the manner provided under the Scheme.
- ii. Under the Scheme on and from the Effective Date, the Company will stand dissolved without winding up. In the circumstances, the Key Managerial Personnel of the Company will cease to be the Key Managerial Personnel of the Company.
- iii. Thus, there will be no adverse effect of the Scheme on the Key Managerial Personnel of the Company.

On behalf of the Board

Sd/-
Sameer Goel
Chairman

Hyderabad
January 29, 2021

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF COROMANDEL INTERNATIONAL LIMITED AT THEIR METING HELD ON FEBRUARY 1, 2021 EXPLAINING THE EFFECT OF THE SCHEME OF AMALGAMATION OF LIBERTY PESTICIDES AND FERTILIZERS LIMITED (TRANSFEROR COMPANY 1) AND COROMANDEL SQM (INDIA) PRIVATE LIMITED(TRANSFEROR COMPANY -2) WITH COROMANDEL INTERNATIONAL LIMITED (TRANSFEREE COMPANY OR COMPANY) AND THEIR RESPECTIVE SHAREHOLDERS, UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT 2013, ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON PROMOTER SHAREHOLDERS OF THE COMPANY

Background

1. Based on the recommendation of the Audit Committee, the Board of Directors ("Board") of the Coromandel International Limited ('Transferee Company' or 'Company') at its meeting held on February 1, 2021 unanimously approved the Scheme of Amalgamation of the Liberty Pesticides and Fertilizers Limited (Transferor Company-1) and Coromandel SQM (India) Private Limited (Transferor Company -2) with Coromandel International Limited (Transferee Company or Company) and their respective shareholders ("Scheme"), under Sections 230 to 232 and other applicable provisions of the Companies act 2013('Act').
2. The Scheme, *inter alia*, provides for (a) the amalgamation of the Transferor Company-1 and Transferor Company-2 with the Transferee Company and dissolution of the Transferor Company-1 and Transferor Company-2 without winding up and (b) Various other matters incidental, consequential or otherwise integrally connected therewith pursuant to Sections 230 to 232 and other relevant provisions of the Act.
3. The salient features including the rationale of the Scheme were noted by the Board.
4. This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Act.

Valuation of the Company

1. The Transfer Company 1 and Transferor Company 2 are wholly owned subsidiaries of the Transferee Company. The entire issued and paid-up equity share capital of the Transfer Company 1 and Transferor Company 2 are held by the Company and its nominees. No shares of the Company shall be issued to the shareholders of the Company in lieu of the said amalgamation.
2. In view of the above, valuation report and fairness opinion are not applicable.

Effect of the Scheme on the Equity shareholders, Key Managerial Personnel, Promoters and Non-Promoter shareholders

1. Equity shareholders (including Promoter and Non-Promoter:

- i. As far as the equity shareholders of the Transferee Company are concerned (promoter shareholders as well as non-promoter shareholders), the amalgamation of Transferor Company 1 and Transferor Company 2 with the Transferee Company will not result in dilution of holding of promoters/ promoter group in Transferee Company.

- ii. The entire issued and paid-up equity share capital of the Transferor Company-1 and Transferor Company-2 is held by the Company and its nominees. Accordingly, the shares held by the Company in the Transferor Company-1 and Transferor Company-2 shall, on and from the date of effective date, be cancelled or shall be deemed to have been cancelled without any further act or deed, and accordingly, no shares of the Transferee Company shall be issued to the shareholders of the Transferor Company-1 and Transferor Company-2.

2. Key Managerial Personnel (KMPs):

- i. The Key Managerial Personnel of the Company shall continue as the Key Managerial Personnel of the Company after effectiveness of the Scheme on the same terms and conditions.
- ii. Under the Scheme, no rights of the Key Managerial Personnel of the Transferee Company are being affected.

On behalf of the Board

Sd/-
A Vellayan
Chairman

Chennai
February 1, 2021

**NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD**

SPECIAL BENCH - COURT 1 (HEARINGS THROUGH VIDEO CONFERENCE)

PRESENT: HON'BLE SHRIMADAN BHALCHANDRA GOSAVI- MEMBER JUDICIAL

HON'BLE SHRI VEERA BRAHMA RAO AREKAPUDI - MEMBER TECHNICAL

ATTENDANCE-CUM-ORDER SHEET OF THE HEARING HELD ON 17.09.2021 AT 12:30 PM

| | |
|----------------------------------|--|
| TRANSFER PETITION NO. | |
| COMPANY PETITION/APPLICATION NO. | CA (A) Merger & Amalgamation/25/2021 |
| NAME OF THE COMPANY | Liberty Pesticides and Fertilizers Ltd (Transferor Co.) & Coramandal SQM (India) Pvt Ltd (Transferor Co.2) & Coramandal International Ltd (Transferor Co.) |
| NAME OF THE PETITIONER(S) | |
| NAME OF THE RESPONDENT(S) | |
| UNDER SECTION | 230 |

Counsel for Petitioner(s):

| Name of the Counsel(s) | Designation | E-mail & Telephone No. | Signature |
|------------------------|-------------|------------------------|-----------|
| | | | |
| | | | |

Counsel for Respondent(s):

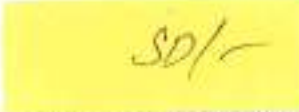
| Name of the Counsel(s) | Designation | E-mail & Telephone No. | Signature |
|------------------------|-------------|------------------------|-----------|
| | | | |
| | | | |

ORDER

Orders passed in CA (A) Merger & Amalgamation/25/2021 vide separate orders.



Member (Technical)



Member (Judicial)

pavani

**IN THE NATIONAL COMPANY LAW TRIBUNAL
BENCH AT HYDERABAD-1**

CA (CAA) No. 25/230/HDB/2021
U/s 230 to 232 of Companies Act, 2013

IN THE MATTER OF

SCHEME OF AMALGAMATION OF

M/s. Liberty Pesticides And Fertilizers Limited
(*Transferor Company-1)

And

M/s. Coromandel SQM (India) Private Limited
(*Transferor Company-2)

And

M/s. Coromandel International Limited
(*Transferee Company)

And

Their respective Shareholders

M/s. Liberty Pesticides And Fertilizers Limited

Registered office at 1-2-10, Sardar Patel Road,
Secunderabad, Hyderabad – 500003,
Telangana, India.

Rep. by its Director Sri Rajesh Mukhija.

... 1st Applicant/
Transferor Company-1

And

M/s Coromandel SQM (India) Private Limited
Registered office at 1-2-10, Sardar Patel Road,
Secunderabad, Hyderabad – 500003,

SD/-

SD/-

Telangana, India.

Rep. by its Company Secretary Ms. JyotikaAasat.

...2nd Applicant/
Transferor Company-2

And

M/s. Coromandel International Limited

Registered office at 1-2-10,Sardar Patel Road,

Secunderabad, Hyderabad – 500003, Telangana, India.

Rep. by its Company Secretary Sri Rajesh Mukhija

... 3rd Applicant /
Transferee Company

Date of order: 17.09.2021

Coram:

Hon'ble Shri Madan BhalchandraGosavi, Member (Judicial)

Hon'ble Shri Veera Brahma Rao Arekapudi, Member (Technical)

Appearances:

For the Applicant: Shri V.B.Raju, Counsel.

Heard on: 02.09.2021

[PER BENCH]

This is a joint Application filed by the Applicant Companies under Section 230-232 of the Companies Act, 2013, Read with Rule 3 of the Companies Rules, 2016 praying for dispensation of the meetings of the Equity Shareholders, Unsecured Creditors and secured Creditors for approval of the Scheme in terms of Scheme of Amalgamation shown as per Annexure – 10 to the Application.

A SP/

SP/

AVERMENTS

2. The averments germane to the facts of the Application are:-

TRANSFEROR COMPANY NO.1

- a. M/s Liberty Pesticides and Fertilizers Limited**(Transferor Company No.1/ 1stApplicant Company) is a Public Limited Company, bearing CIN:U24124TG1978PLC148984 was originally incorporated on 24th August,1978 under the name and style of M/s Liberty Pesticides and Fertilizers Private Limited in the State of Rajasthan. Later on, the Company had converted itself into a Public Limited Company after passing necessary resolutions and a fresh certificate of incorporation was issued by the Registrar of Companies, Rajasthan, Jaipur on 7thMay, 1992. Later on, the Company had changed its registered office from the State of Rajasthan to State of Telangana by virtue of passing a special resolution on 22ndOctober, 2020 and after obtaining necessary approval from the Regional Director, North Western Region, Ahmedabad dated 13thJanuary, 2021. The Registrar of Companies, Telangana at Hyderabad, issued a fresh certificate of incorporation dated 24thFebruary, 2021 under the CIN: U24124TG1978PLC148984. The 'Transferor Company 1' has its registered office at 1-2-10, Sardar Patel Road, Secunderabad, Hyderabad - 500003, Telangana, India.
- b.** The 'Transferor Company-1' is engaged in the business of manufacturing, producing, processing, importing, exporting and dealing in minerals, pesticides, insecticides and Fertilizers and their ancillaries etc., The Memorandum and Articles of Association of the Transferor Company-1 is annexed as **Annexure-1** to the Application.

SD/ 

SD/ 

- c. The Authorized, Issued, Subscribed and Paid-up capital of the Transferor Company-1 as on 31st December, 2020 is as follows:

| Particulars | Amount In INR |
|--|---------------------|
| Authorised Share Capital | |
| 1,00,00,000 Equity Share of INR 10/- each | 10,00,00,000 |
| Total | 10,00,00,000 |
| Issued, subscribed and fully paid up shares | |
| 7,50,000 Equity Share of INR 10/- each | 75,00,000 |
| Total | 75,00,000 |

Subsequent to 31stDecember, 2020 and till the date of filing of this Scheme as approved by the Board of Directors of M/s Liberty Pesticides and Fertilizers Limited, there is no change in the authorized, issued, subscribed and paid-up capital of M/s Liberty Pesticides and Fertilizers Limited and the entire paid up capital is held by Transferee Company and its nominees. A copy of the Audited Balance Sheet as at 31st March, 2020 and unaudited balance sheet as on 31st December, 2020 of the Transferor Company-1 is annexed as **Annexure-2** to the Application.

TRANSFEROR COMPANY NO.2

- a. **M/s Coromandel SQM (India) Private Limited**(Transferor Company No.2/2nd Applicant Company) a Private Limited Company, bearing CIN:U24100TG2009PTC065404 was incorporated on 9th October, 2009 under the name and style of M/s Coromandel SQM (India)Private Limited in the

SD/-

SP/-

then State of Andhra Pradesh. The 'Transferor Company 2' has its registered office at 1-2-10, Sardar Patel Road, Secunderabad, Hyderabad – 500003, Telangana, India.

b. The 'Transferor Company 2' is engaged in the business of manufacturing, producing, refining, mixing, preparing, trading in Fertilizers, Bio Organic Chemicals, Agro Chemicals etc., The Memorandum and Articles of Association of the Transferor Company-2 is annexed as **Annexure-3** to the Application.

c. The Authorized, Issued, Subscribed and Paid-up share capital of 2nd Applicant/Transferor Company-2 as on 31stDecember, 2020 is as follows:

| Particulars | Amount In INR |
|--|---------------------|
| Authorised Share Capital | |
| 1,00,00,000 Equity Share of INR 10/- each | 10,00,00,000 |
| Total | 10,00,00,000 |
| Issued, subscribed and fully paid up shares | |
| 1,00,00,000 Equity Share of INR 10/- each | 10,00,00,000 |
| Total | 10,00,00,000 |

Subsequent to 31stDecember, 2020 and till the date of filing of this Scheme as approved by the Board of Directors of M/s Coromandel SQM (India) Private Limited, there is no change in the authorized, issued, subscribed and paid-up capital of M/s Coromandel SQM (India) Private Limited and the entire paid up capital is held by Transferee Company and its nominees. A copy of the audited Balance Sheet as at 31stMarch, 2020 and unaudited balance sheet as on 31st December, 2020 of the 2nd Applicant/ Transferor Company-2 is annexed as **Annexure-4** to the Application.

SD/-

SD/-

TRANSFEEE COMPANY

- a. 'M/s Coromandel International Limited (Transferee Company/ 3rd Applicant Company)a Public Limited Company, bearing CIN:L24120TG1961PLC000892 was originally incorporated on 16th October, 1961 under the name and style of M/s Coromandel Fertilizers Private Limited in the then State of Andhra Pradesh. Later on, the Company had converted itself into a Public Limited Company after passing necessary resolutions and a fresh certificate of incorporation was issued by the Registrar of Companies, Andhra Pradesh on 16thApril, 1964. Later on, the name of the said company was changed to its present name i.e. M/s Coromandel International Limited and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Andhra Pradesh on 23rd September, 2009. The 'Transferee Company' has its registered office at 1-2-10,Sardar Patel Road, Secunderabad, Hyderabad - 500003, Telangana, India.
- b. The 3rdApplicant/ Transferee Company is engaged in the business of all classes and kinds of fertilisers, chemicals and industrial and other preparations arising from or required in the manufacture of any kind of fertilizers. The Memorandum and Articles of Association of the 3rdApplicant/Transferee Company annexed as **Annexure-5** to the Application.
- c. The Authorized, Issued, Subscribed and Paid-up share capital of 3rd Applicant/Transferee Company as on 31stDecember, 2020 is as follows:

SD/-

SD/-

| Particulars | Amount In INR |
|--|---------------------|
| Authorised Share Capital | |
| 35,00,00,000 Equity Shares of INR 1/- each | 35,00,00,000 |
| 50,00,000 Cumulative Redeemable Preference Shares of INR 10/- each | 5,00,00,000 |
| Total | 40,00,00,000 |
| Issued, subscribed and fully paid up shares | |
| 29,32,43,349 Equity Share of INR 1/- each | 29,32,43,349 |
| Total | 29,32,43,349 |

A copy of the audited Balance Sheet as at 31st March, 2020 and unaudited balance sheet as on 31st December, 2020 of the 3rd Applicant/ Transferee Company is annexed as **Annexure-6** to the Application.

3. RATIONALE AND PURPOSE OF THE SCHEME OF AMALGAMATION

The Board of Directors of the Transferor Companies and Transferee Company envisages the following benefits pursuant to the Amalgamation of the Transferor Companies with the Transferee Company:

- (i). Transferor Company 1 presently has no business operations, other than holding leasehold rights of the factory land in Udaipur, Rajasthan. It does not have any business plans going forward. It is, accordingly, desired to merge with Transferee Company.
- (ii). Transferor Company 2 is engaged in the business of manufacturing and sale of water-soluble fertilizers and has a manufacturing unit in Kakinada, Andhra Pradesh. As it is

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SD/-

expected to result in synergies in business activity, and more effective and efficient management of business affairs.

Apart from the above, it would also have the following benefits:

- (iii) Reduction in the cost of overheads and improvement in professional management
- (iv). Reduction in multiplicity of legal and regulatory compliances and simplification of group structure.
- (v). Enhance the scale of operations thereby providing significant impetus to the growth of the Companies, since they are engaged in line of business that could draw upon synergies between the Transferor Companies and the Transferee Company.
- (vi). Consolidation of Transferor Companies with the Transferee Company by way of amalgamation would lead to a more efficient utilization of capital and improved financial structure.
- (vii). The benefit of consolidation of financial resources, managerial and technical expertise of the Transferor Companies and the Transferee Company shall be available to the amalgamated entity leading to the overall optimization of operational and administration costs.
- (viii) The amalgamation will rationalize and optimize the group legal entity structure to ensure greater alignment of the businesses by reducing number of legal entities and also statutory compliances.
- (ix). To achieve synergies in business activity, consolidation, focused attention, centralized administration, economy of operation, integrated business approach and greater efficiency.

4. **BOARD RESOLUTION**

The Board of Directors of the 1st Applicant and 2nd Applicant and 3rd Applicant vide its resolution dated 25th January, 2021 and 29th January, 2021 and 01st February, 2021 respectively approved the Scheme of amalgamation of M/s Liberty Pesticides and Fertilizers Limited, ("**Transferor Company-1**") and M/s Coromandel SQM (India) Private Limited ("**Transferor Company-**

SD/-

SD/-

2nd and M/s Coromandel International Limited ("**Transferee Company**") and their respective shareholders. The Copies of Board Resolution of the Applicant Companies approving the Scheme of Amalgamation are annexed as **Annexure- 7, 8 and 9** respectively to the Application.

5. **DETAILS OF SHAREHOLDERS IN APPLICANT COMPANIES**

- a. It is submitted that there are 7 shareholders in the 1st Applicant / Transferor Company-1 and they have given their no objection to the proposed Scheme by means of consent affidavits. A copy of the List of Shareholders and no objection affidavits received from them duly certified by Chartered Accountant is annexed as **Annexure-11** to the Application.
- b. It is submitted that there are 2 shareholders in the 2nd Applicant / Transferor Company-2 and they have given their no objection to the proposed Scheme by means of consent affidavits. A copy of the List of Shareholders and no objection affidavits received from them duly certified by Chartered Accountant is annexed hereto as **Annexure-12**.
- c. It is submitted that there are 1,06,827 shareholders in the 3rd Applicant / Transferee Company. A copy of the List of Shareholders duly certified by practicing company secretary is annexed hereto as **Annexure-13**.

6. **SECURED AND UNSECURED CREDITORS**

Secured Creditors

It is submitted that as on the date of filing of the Application, there are no Secured Creditors in 1st Applicant/Transferor Company-1 and 2nd Applicant/Transferor Company-2. The certificates issued by the Chartered Accountant stating that there are no secured creditors in the 1st Applicant Company and 2nd



Applicant Company is annexed as **Annexure-14&15** respectively to the Application.


It is submitted that as on the date of filing of the Application, there are 6 Secured Creditors in 3rd Applicant/Transferee Company and copy of the list of Secured Creditors duly certified by Chartered Accountant is annexed as **Annexure-16** to the Application.

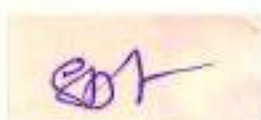
Unsecured Creditors:

It is submitted that as on the date of filing of the Application, there are no Unsecured Creditors in 1st Applicant/Transferor Company-1. The certificate issued by the Chartered Accountant stating that there are no Unsecured creditors in the 1st Applicant Company is annexed as **Annexure-17** to the Application.

It is submitted that as on 31stDecember, 2020, there are 37 unsecured creditors in 2nd Applicant / Transferor Company No.2 and the total amount due is Rs.10,49,37,147.56. However, the 2nd Applicant / Transferor Company No.2 paid off the dues to the extent of Rs. Rs.7,84,31,134.38 to thirty (30) unsecured creditors constituting 74.75% of the total outstanding amount as on 19.03.2021 and out of the balance amount of 2,65,06,013.18, one (1) unsecured creditor constituting 91.17% of the balance unsecured amount has given no objection affidavit. A copy of the list of Unsecured Creditors duly certified by Chartered Accountant together with no objection affidavit is annexed as **Annexure-18** to the Application.

As on the date of filing of the Application, there are 12,800 Unsecured Creditors in 3rd Applicant/Transferee Company and copy of the list of Unsecured Creditors duly certified by Chartered Accountant is annexed as **Annexure-19** to the Application.

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7. CONSIDERATION

The entire issued and paid-up equity share capital of the Transferor Companies is held by the Transferee Company and its nominees. Accordingly, the shares held by the Transferee Company in the Transferor Companies shall, on and from the end of the Transition Period, be cancelled or shall be deemed to have been cancelled without any further act or deed, and accordingly, no shares of the Transferee Company shall be issued to the shareholders of the Transferor Companies in lieu of the said amalgamation.

The shares of the Transferor Companies, in relation to the shares held by its members, shall without any further application, act, instrument or deed be deemed to have been automatically cancelled and be of no effect on and from the end of the Transition Period.

8. ACCOUNTING TREATMENT

Accounting Treatment in the books of Transferee Company

Notwithstanding anything to the contrary herein, upon this Scheme becoming effective, the Transferee Company shall account the transaction in accordance with the applicable accounting standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, or any other relevant or related requirement under the Act, as applicable on the Effective Date.

It is submitted that upon coming into effect of this scheme, the Transferee Company shall account for the amalgamation in its books of accounts in accordance with 'pooling of interests method' of accounting as laid down in the Indian Accounting Standard (IND AS) 103 - Business Combinations and relevant clarifications issued by Institute of Chartered Accountants of India.



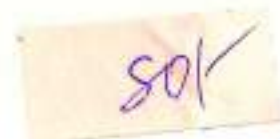


Accounting Treatment in the books of Transferor Companies

It is submitted that Transferor Companies shall stand dissolved without being wound up upon the Scheme becoming effective, hence there is no accounting treatment prescribed under this Scheme in the books of the Transferor Companies.

9. Counsel for the Applicant Companies has relied on the case laws to justify the present case for dispensation of conducting meetings of equity shareholders and creditors of the Transferee Company. In this connection the case laws submitted by the Counsel are mentioned below:

- a. Orders passed by Hon'ble NCLAT in the matter of Ambuja Cements Limited in Company Appeal(AT) No.19 of 2021 vide orders dated 06.04.2021.
- b. Orders passed by Hon'ble NCLAT in the matter of DLF Phase-IV, Commercial Developers Limited and Ors in Company Appeal(AT) No.180 of 2019 vide orders dated 19.08.2019.
- c. Orders passed by Hon'ble NCLT, Mumbai Bench vide orders dated 05.09.2019 in the matter of Ness Software Services Pvt Ltd Vs. Ness Technologies(India) Pvt.Ltd. in CA(CAA) No.2629/MB/2019.
- d. Orders passed by Hon'ble NCLT, Hyderabad Bench vide orders dated 06.05.2020 in the matter of Orient Software Development and Training Company Private Limited Vs. Orient Blackswan Private Limited in CA(CAA) No.57/HDB/2020.
- e. Orders passed by Hon'ble NCLT, Hyderabad Bench vide orders dated 15.12.2020 in the matter of Vaidehi Avenues Limited and Aster Rail Private Limited and NCC Limited in CA(CAA) No.223/HDB/2020.



10. **DECLARATION BY THE APPLICANT COMPANIES:**

- a. Counsel for Applicant Companies further submitted that since the wholly owned subsidiary companies are merging with the holding company so the requirement of the meetings of the shareholders and creditors are not necessary. As the entire share capital of the Transferor Companies are held by the holding company and there is no necessity to issue or allot the shares as the consideration for the amalgamation. Further the amalgamation shall not dilute the shareholding of the holding company and their rights will not be effected. Further the scheme does not affect the rights and necessity of the members of the creditors of the company pursuant to the scheme. Further submitted that the assets of the Transferee Company are more than sufficient to discharge its liabilities. Therefore there is no necessity to convene the meeting of its shareholders and creditors for obtaining their consent for the sanction of the scheme. Further submitted that the various High Courts in the matter of amalgamation under Section 391 to 394 erstwhile Companies Act 1956 which established common law that in case of wholly owned subsidiary amalgamating with the holding company, the holding company (Transferee Company) need not file a separate application for seeking the sanction of the scheme of amalgamation.
- b. Counsel for applicant Companies submitted that no investigation proceedings in relation to the Transferor Company No.1, Transferor Company No.2 or the Transferee Company under Sections 235 to 251 of the Companies Act, 1956 or the corresponding Sections 210 to 227 of the Companies Act, 2013 are pending against the respective Applicant Companies.

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- c. Further submitted that Transferor Company No.1 and the Transferor company No.2 being unlisted companies, no approval is necessary from any stock exchange. It is submitted that the proposed Scheme being a Scheme of arrangement involving amalgamation of two wholly owned subsidiaries with their holding company, by virtue of Regulation 37(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [the "SEBI (LODR)"], the Transferee Company is not required to obtain an Observation/No Objection letter from Stock Exchanges.
- d. In view of the above facts and circumstances, it is respectfully submitted that since the Scheme does not envisage any arrangement or compromise with the shareholders or creditors of the Transferee Company, the Transferee Company is not required to convene meetings of its shareholders and creditors for obtaining their consents for the Scheme.
11. In the light of above facts, the Applicant Companies urged this Tribunal to order the following:
To dispense with the requirement of convening the meeting of the Equity Shareholders, Secured and Unsecured Creditors of the Applicant Companies.
and pass such other order or orders as this Hon'ble Tribunal may deem fit and proper in the circumstances of the case in the interest of justice and equity.

OBSERVATION:

12. We have heard the counsel for Applicant Companies and perused the documents filed. This is the first stage joint Application seeking dispensation of convening meetings of equity Shareholders, Secured Creditors and Unsecured

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Creditors. We direct the petitioner to hold the meetings of the shareholders, secured creditors and unsecured creditors of the transferee Company as per the provisions of Companies Act, 2013.

ORDER

After hearing the Counsel and after perusing the documents filed, We pass the following order:-

- (i). We hereby order dispensation for conducting meetings of the Equity Shareholders, secured creditors and unsecured creditors of the Transferor Company.1 and Transferor Company.2.
- (ii). We hereby ordered convening meetings of shareholders, secured creditors and unsecured creditors of transferee Company.
- (iii). Appointed Mr.Srinivasa Rao Cherukuri, Advocate (Mobile Number +91-9885611466) as Chairman and Mr.Devaki Vasudeva Rao, PCS, (Mobile Number +91-9989345999), as Scrutinizer for convening the meetings of shareholders, Secured creditors and unsecured creditors of the Transferee Company. Fee fixed for Chairperson is Rs. 1,20,000/- and Rs.80,000/- for scrutinizer for all the meetings.
- (iv). Meetings of the equity shareholders of the Transferee Company will be held on 30thday of October, 2021 at 11:00 AM, Meeting of the secured creditors of the Transferee Company will be held on 30thday of October, 2021 at 01:30 PM and meetings of Unsecured Creditors of the transferee Company will be held on 30th day of October, 2021 at 3.00 PM through Video Conferencing (VC)/Other Audio-Visual Means (OAVM) for the purpose of considering the Scheme.

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The Voting shall be through E-Voting by person or by authorized representative.

- (v). The Quorum fixed for the meetings of transferor Company are as under:-

For shareholders meeting: 50(persons).

For secured creditors meeting: 2 (persons).

For unsecured creditors meeting: 25 (persons).

- (x) The notice of the Meetings of equity shareholders, secured creditors and unsecured creditors of Transferee Company shall be published in "Business Standard", English Daily, Hyderabad Edition and one in Telugu Edition of "Nava Telangana", Hyderabad Edition.
- (xi) The Transferee Company or their respective authorized Signatory are directed to issue notices (s) to the equity shareholders, secured creditors and unsecured creditors of the Transferee Company by Registered Post/ Courier/Ordinary Post/ Registered email or by hand delivery to their last known address 30 days before the said meetings as per Form No. CAA2 (Rule 6) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ensuring convening the said meeting of the Transferee Company. Further directed to intimate day, date and time, a copy of Explanatory Statement, pursuant to be sent under Section 230 of the Companies Act, 2013.
- (xii) The Transferee Company to serve notices upon the Regional Director, South-East Region, Ministry of Corporate Affairs, Hyderabad pursuant to Section 230 (5) of the Companies Act, 2013 as per Rule 8 of the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016 if no response is received by the Tribunal from Regional Director within 30 days of the

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date of receipt of the notice, it will be presumed that Regional Director and/or Central Government has no objection to the proposed Scheme as per Rule 8 of the Companies (Compromise, Arrangements and Amalgamations) Rules, 2016.

- (xiii) The Transferee Company to serve the notice upon the Registrar of Companies Hyderabad pursuant to Section 230 (5) of the Companies Act, 2013 as per Rule 8 of the Companies (Compromises Arrangement and Amalgamations) Rules, 2016 and if no response is received by the Tribunal from Registrar of Companies, Hyderabad within 30 days of the date of receipt of the notice, it will be presumed that Registrar of Companies, Hyderabad has no objection to the proposed Scheme as per Rule 8 of the Companies (Compromise Arrangements and Amalgamations) Rules, 2016.
- (xiv) The Transferee Company to serve notice upon the Income Tax Authority, within whose jurisdiction that Applicant Companies Assessment are made, pursuant to Section 230 (5) of the Companies Act, 2013 as per Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 if no response is received by the Tribunal from Income Tax Authority within 30 days of the date of receipt of the notice, it will be presumed that Income Tax Authority has no objection to the proposed Scheme as per Rule 8 of the Companies (Compromise, Arrangement and Amalgamation) Rules, 2016.
- (xv) The Transferee Company to serve notice upon the Official Liquidator pursuant to Section 230 (5) of the Companies Act, 2013 as per Rule 8 of the Companies (Compromises Arrangements and Amalgamations) Rules, 2016 if no response is received by the Tribunal from Official Liquidator within 30 days of the date of receipt of the

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notice it will be presumed that Official Liquidator has no objection to the proposed Scheme as per Rule 8 of the Companies (Compromise, Arrangement and Amalgamation) Rules, 2016.

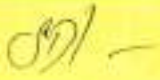
- (xvi) The Transferee Company to serve notice upon the SEBI, BSE & NSE pursuant to Section 230 (5) of the Companies Act, 2013 as per Rule 8 of the Companies (Compromises Arrangements and Amalgamations) Rules, 2016 if no response is received by the Tribunal from the SEBI, BSE & NSE within 30 days of the date of receipt of the notice it will be presumed that SEBI, BSE&NSE has no objection to the proposed Scheme as per Rule 8 of the Companies (Compromise, Arrangement and Amalgamation) Rules, 2016.
- (xvii) The Chairmen shall have all powers under the Companies (Compromises, Arrangement and Amalgamation) Rules, 2016 in relation to the conduct of the meetings (s) including for deciding procedural questions that may arise before or at any adjournment thereof or any other matter including an amendment to the Scheme or resolution, if any, proposed at the meeting by any person (s).
- (xviii) The voting shall be in person or by proxy or e-voting or authorized representative in case be permitted, provided that the proxy in the Form No. MGT-11 authorization duly signed by the person entitled to attend and vote at the meeting, is to be filed with the Applicant Company at its Registered office, not later than, forty eight hours before the aforesaid meeting in accordance with Rule 10 of the Companies (Compromise, Arrangement and Amalgamation) Rules, 2016.
- (xix) The Chairmen to file affidavit within 7 days before the date of the said meetings to this Tribunal that the direction regarding convening and issuance of notice (s) to all the





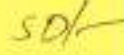
necessary parties have been duly complied with in conformity with the relevant provisions of the Companies Act, 2013 R/w Companies (Compromise, Arrangement and Amalgamation) Rules, 2016. The Chairman shall report the conclusion of the aforesaid meetings within 10 days from the date of such meetings as per Rule 14 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

(xx) Accordingly, the application CA(CAA) Merger & Amalgamation/25/2021 is allowed and disposed.



Veera Pragna Rao Arekapudi

Member (Technical)



Madan Bhalchandra Gosavi

Member (Judicial)

Pavani